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Southeast Asia Report

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12 April 1984

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SCIENCE MINISTER ON FUTURE ROLE IN ANTARCTICA

Melbourne THE AGE in English 2 Mar 84 p 13

[Article by Barry Jones, minister for science and technology: "Antarctic Dilemma"]

[Text] GETTING to our three Antarctic bases--Casey, Mawson and Davis--is almost an insuperable problem for an Australian Minister. It takes four to seven weeks, depending on the weather, for the round trip by ship, with the risk of being iced in for even more weeks.

When the US National Science Foundation offered to fly me to the American bases at McMurdo and South Pole, I accepted in microseconds and waited some months with impatience.

Christchurch, in New Zealand's South Island, is the US forward base for operation 'Deep Freeze'. There the NSF knitted me out and I met my travelling companions.

We did not travel light. There were two sets of everything--neck-to-angle cotton thermal underwear, heavy work trousers and liner, Canadian shirts, parkas (also with liner), gloves, mittens, balaclavas, scarves, tube socks and footwear--superb thermal boots (by Bally) and "mukluks", but I never quite mastered the lacing.

I was to fly down with two Republican Congressmen--Jim Jeffords (Vermont), a friend of Solzhenitsyn, and Hal Sawyer (Michigan), who inherited Jerry Ford's House seat, and with the General Counsel of the House Science and Technology Committee, Rob Ketcham, the vice-president of the National Science Board, Dr Mary Good.

I passed the rigorous medical tests without difficulty, which pleased me. I am no jogger.

We left in a USAF C141 (Starlifter) full of US brass and piloted by Major General Bennett, officer commanding the Pacific, making only his second flight to the Antarctic.

After four-and-a-half hours, we landed on the Ross ice shelf near McMurdo, almost due south of Christchurch on the 172nd meridian. For his landing, we gave General Bennett a 10.

Flying in a Hercules could have taken eight hours.

McMurdo, named by Captain James Clark Ross, RN, in 1841, is located at the southern tip of Ross Island. Mt Erebus, Antarctica's highest peak, where the Air New Zealand DC10 crashed in November 1979, is also on Ross Island.

Shackleton and Scott began their epic journeys towards the Pole from Ross Island, because the ice shelf--as big as Texas--is completely flat. Their huts are still there as they left them, giving a sense that they have just stepped out, leaving behind their tinned food, Colman's Mustard, seal meat and horse fodder. There is no bacteria down there, so no decay. Amundsen's successful mission also began from the Ross ice shelf but from the west, far from McMurdo.

McMurdo is a bustling community of 1200 at the height of the summer season. It would never win an 'Age' good housing award. Environmentally and architecturally it is the pits. But the Americans do great science there, making discoveries which enlarge our understanding of many problems in human health, agriculture and the evolution of species.

I regret not having swiped a copy of the local telephone directory, entitled 'Greater Metropolitan McMurdo'.

The US navy had responsibility for Antarctic management until 1973 when Richard Nixon transferred it to the civilian NSF, which now employs the navy as a contractor.

McMurdo is within New Zealand's territorial claim, only three kilometres from their Scott Base. The US does not recognise any territorial claim in Antarctica and insists that no national law applies. "What if there is a murder?" I asked. "Well, we ask the offender not to do it again." I was told. There is a precedent. There was a murder on Admiral Peary's 1909 expedition to the North Pole; they all knew who did it but the official view was that it occurred outside the law. (We impose ACT law in Australia's territorial claim).

We flew to the South Pole in a Hercules fitted with skis, flown by a woman officer. This was a new experience for my American companions who would not have heard of Deborah Wardley and our great strides toward ending sexual discrimination.

The South Pole was distinctly uncomfortable, more than 3000 metres above sea level, with razor-thin air. "Don't try much physical activity. Take it easy, and if you feel nauseated, call for oxygen," we were warned. When we were there the temperature was minus 50C with winds of 50 kmh. When Amundsen arrived in December 1911 the temperature was a Mediterranean--19C; for Scott it was--22C.

The first sight at the South Pole is a huge Buckminster Fuller geodesic dome covering the US living quarters, service functions and science facilities. Nearby is the "photographic Pole" encircled by national flags, where visitors line up to be recorded for posterity. The "geographic South Pole," 50 metres away, moves about 10 metres every year.

I asked the Americans to point me in the direction where our claim meets the Pole so I stood there with our flag and felt that I had at least touched base.

The South Magnetic Pole has moved very rapidly in unpredictable ways since first located in 1908, due to movements in the liquefied iron in the Earth's outer core. It is now 1200 kilometres away in the Indian Ocean, off the French claim

Before the continents drifted apart, Australia and Antarctica were joined, so its geology is of great interest to us. So is Antarctica's role as a vast museum of climate, with evidence of weather patterns for the past 20,000 years and geological phenomena like Krakaton preserved in the ice-cap.

Antarctica holds more than 70 per cent of the world's fresh water in its ice-cap, but its holdings have changed very little since the great Ice Age. Precipitation is very low, just enough to replace the losses each year as icebergs calve. Only the Gobi Desert is drier.

Geologically, among the most fascinating parts in Antarctica are the "dry valleys" which are permanently free of ice and snow, due to a frekish combination of terrain and wind. These are in the New Zealand zone, only a helicopter journey away from McMurdo, not far from the frozen waterfalls. The mountains are cut like huge slabs of chocolate layer cake.

For me, the most dramatic experience was stopping at the ice edge, looking for emperor penguins, with the sea looking black, Mt Erebus pluming in front of us, the 24-hour Sun at its most brilliant. Just as we landed, right on cue, the killer whales (orcas) reared out of the water, squealing Weddel seals dragged themselves, bleeding, across the ice to safety as the skua gulls wheeled above, and the penguins waited impassively to be photographed.

Australia claims 42 per cent of Antactica, far more than anyone else, but our current efforts are hardly commensurate with the size of our claims, equal to the area of Australia itself less Queensland. On our selection, we have three bases but the USSR Has four, a fact which is not grasped by one Australian in 100.

Mawson, our most distant base, is closer to Mauritius than to any point on the Australian mainland.

The Labor Governments of Andrew Fisher and James Scullin supported Sir Douglas Mawson in his two great expeditions of 1911-14 and 1929-31 which established our scientific claims to the White Continent. Then there was a long hiatus until Lord Casey sent -hillip Law down as director of ANARE in the 1950s. In recent years we have slipped back. We have the best buildings in Antarctica, but we do not lead in much else.

The Japanese are on their third Antarctic ship, the South Africans on their second, the Chinese on their first. Australia has yet to acquire its first. (We charter when we can.) The Americans and New Zealanders have the advantage of flexibility with rapid and frequent flights to Christchurch. We are locked into a situation of maximum rigidity. Like the penguins, we cannot fly.

Since Casey's time, Antarctica has fallen on our domestic political agenda. It is never raised at election time and no electors ever apply pressure to MPs or Ministers about it. I would have thought that the Falklands War--the first Antarctica war, as I call it--might have concentrated our minds wonderfully but it did not.

We have until 1991--the year the Antarctic Treaty comes up for review--to decide what we want to do with Antarctica. We can decide for ourselves or world pressure will do it for us.

CSO: 4200/640

ASIS CHIEFS FACE DISCIPLINE AFTER HOPE REPORT

Canberra THE AUSTRALIAN in English 1 Mar 84 p 2

[Article by Niki Savva]

[Text] POSSIBLE disciplinary action against senior ASIS personnel has been given high priority following the release of a critical report by Mr. Justice Hope yesterday on last year's bungled Sheraton Hotel raid.

The Prime Minister, Mr Hawke, said the first responsibility of the new director-general of ASIS, Mr James Furner, would be to consider action against those involved in the planning and execution of the exercise.

Mr Hawke said the retiring Chief Magistrate of the ACT, Mr Clarence Hermes, would assist Mr Furner. He also said the Government would give the names of the 12 agents involved in the raid to the Victorian Government.

Mr Hawke had just tabled an 81-page report from Mr Justice Hope which laid the main responsibility for the failed exercise with the former acting director-general, Mr John Ryan, the man who succeeded him, Mr Stuart Fry, the assistant director-general (operations) (b) of ASIS (unnamed), the head of emergency planning (unnamed), an ASIS officer who was both in charge of the project and manager of the exercise, and two army NCO's involved in the raid.

Almost everyone connected with the exercise came under criticism, but the lightest was reserved for those who actually took part in the raid.

Mr Justice Hope concluded in his report that no person had committed any offence, and no person ought to be prosecuted. He said he did not regard it as either part of his terms of reference or appropriate to make such findings or recommendations, but he found three possible common law offences may have been committed.

Hostage

These were common assault, affray and conspiracy.

Mr Justice Hope was asked to investigate after a raid at the Sheraton Hotel on November 30 when a door was broken down with a sledgehammer and armed men wearing masks held hotel staff at bay with sub-machineguns.

It was part of an exercise set up by ASIS, which went seriously wrong, in which a hostage, "John," held by two foreign agents, in a room at the hotel was to be rescued.

The Government has accepted recommendations from Mr Justice Hope that in future:

NO ASIS officer, trainee or agent be allowed to carry any type of firearms in any public place in Australia.

NO ASIS exercise likely to attract public attention should take place without clearance from the police, local military, or any private citizen whose property may be affected.

NO exercise should be conducted by ASIS which would harm or alarm members of the public.

Mr Justice Hope said the exercise was "poorly planned, poorly prepared and poorly coordinated". Any contingency plans for the exercise were "inadequate and inchoate."

One of the most obvious areas in which the planning of the exercise was deficient was in the failure to notify either the Victorian police or the Sheraton's manager.

"It is difficult to accept that any person could have seriously believed that the police or hotel management did not need to be notified that a group of men, armed with sub-machineguns and wearing masks or balaclavas, intended to conduct a para-military exercise in and around a city hotel," he said.

"That no one was killed or injured by shots being fired at the getaway vehicles is as much tribute to luck as to the cool-headed, professional handling of the situation by those officers of the Victoria Police who were involved in the apprehension of some of the trainees."

Mr Justice Hope said relevant ASIS training manuals were inadequate in three main areas. There was no firm instruction to notify police or property owners, or that under no circumstances should any member of the public be harmed.

He said ASIS officers had no special legal authority to carry firearms in Victoria or elsewhere. "The lack of such authority does not appear to have troubled successive directors-general of ASIS," Mr Justice Hope said.

The sub-machineguns carried in the exercise were not signed out of the armory at ASIS' training headquarters and no written authorisation was provided for their removal from store.

Much of what happened at the Sheraton was due to planning deficiencies. Primary responsibility for these deficiencies lay with the ASIS officer who was both in charge of the project and manager of the exercise.

He said this officer decided on November 24, three days before the Sheraton exercise began, that Heckler and Koch silenced sub-machineguns would be included in the weapons carried by the trainees.

Mr Justice Hope said not once did the officer tell his superiors of this.

The officer exceeded his authority and failed to adequately inform superiors of his plans and did not give sufficiently clear instructions to the trainees. He said the officer was eager to involve the then acting director-general, Mr Ryan, in his plans.

Mr Justice Hope said Mr Ryan suspected before the start of the project that it lacked organisation. The officer had told Mr Ryan the trainees would carry arms, but they would be concealed.

CSO: 4200/640

GOVERNMENT DEFICITS PROMPT CONCERN

Melbourne THE AGE in English 2 Mar 84 p 17

[Commentary by TerryMcRann: "Government Deficits That Pose a \$40 Billion Headache"]

[Text]

OVER the three years to June 1985 Governments in Australia and their business authorities will spend something like \$40,000 million more than they rake in through taxes and all other receipts over that period.

To put this staggering figure in context, one might note that total corporate profits in 1982-83 in gross terms before deductions were only \$21,000 million. And all the wages, salaries and supplements paid in Australia that year came to only \$91,000 million.

To cover that three-year deficit every single employed person in Australia would have to give up half his wage or salary for one year. And this is not just an academic comparison because ultimately that deficit does have to be paid for through taxes or pseudo-taxes.

This massive public sector deficit — the excess of spending over receipts — is not a projection or a forecast gleaned from crystal-ball gazing. It is, bar the odd billion dollars or two, already locked in.

In 1982-83 the total public sector deficit was \$10,182 million. This year it will be around \$15,285 million and it will almost certainly remain at, or near, this level in 1984-85.

To his credit, in the two years before he threw away his credibility in the 1982 election Budget, Malcolm Fraser forced that public sector deficit down to an aggregate \$9500 million.

The fact that we as a nation are spending such mammoth sums over and above our income — and indeed that in comparative terms Mr Fraser's \$4700 million yearly deficits look so good — should be a sobering thought for all concerned for the wellbeing of Australia and its people.

On a comparable basis they are every bit as bad, perhaps worse, than the stream of Budget deficits predicated for the US into the 1980s and which so concern economists of every persuasion in every country.

Malcolm Fraser's homilies about balancing the national budget in line with individual ones may have sounded trite; and ignored, perhaps, good argument that some deficits of reasonable size and duration are not inherently evil.

But deficits of reasonable size and built on a reasonable chance of self-correction at some point in the future are one thing. These massive deficits which have little prospect of being substantially reduced are quite another.

The huge public sector deficit and its twin — which is often overlooked but is of equal importance, the size of Government — together shape a complex inter-relationship with wage and salary levels and are the tigers that this Government has to tame, as also did its predecessor and in due course will its successor.

Certainly, recovery in the economy, if sustained, would trim the public sector deficit. The growth of some expenditures, directly related to recession, would fall and tax receipts would pick up.

But, just as in the US, the strongest and most sustained recovery would still leave a substantial structural public sector deficit. And such a deficit would itself be incompatible with stable economic growth.

If funded responsibly to avoid adding to inflationary pressures, the Government's borrowing would clash head-on with that of a resurgent private sector and interest rates would zoom. This destabilises financial markets and upsets the delicate balance between financial and real productive assets, quite apart from directly damaging economic activity.

If not funded responsibly, money supply growth rather than interest rates would zoom at the first instance. Apart from the direct inflationary pressures, this itself would introduce severe destabilisation in the foreign exchange and domestic capital markets.

To the extent that structural deficits will persist even when the economy builds up steam, how could they be reduced?

There are only two answers: by reducing Government spending or

by increasing taxes. The sophisticated financial techniques developed by the State Governments — Victoria has lifted these techniques to a state of high art — are merely a tax increase in another form.

It is a matter of faith to believe either are possible under this Government; they were only just feasible, and only for a very limited period, under the last. Indeed both Mr Keating and his leader are talking of tax cuts to keep the delicate prices and incomes accord in intensive care.

Bitter sweet

A DAY after they reported a massive \$74 million loss, John Landels and his fellow directors at Caltex Australia would be forgiven if the H. C. Sleigh result left a slightly bitter sweet taste.

Two years ago Caltex held 25.4 million shares, amounting to a 17.7 per cent stake, in Sleigh and was caught between the Foreign Investment Review Board and John Spalvins's incomparable takeover techniques.

In short, Caltex was forced to sell. But at that time probably felt reasonably happy at quitting its stake for an average \$1.09 a share or around \$28 million in total as Sleigh looked anything but healthy. Indeed Mr Spalvins appeared to be looking at the rough end of the pineapple as he was forced to buy stock at \$1.20 when the real market was significantly below \$1.

Yesterday's result showed how successful Mr Spalvins has been in getting Sleigh back on its feet, helped in large part by the strength of Petersville and the ability to fully and quickly utilise the group's tax loss.

Sleigh is now trading at \$1.44. If Caltex had put its faith in Mr Spalvins it could now probably be selling for close to \$40 million. Judging by its red ink, the extra \$12 million would have come in handy.

Tactical error

YESTERDAY Syd Fischer called it a day and quit the battle for Enacon by selling his 20 per cent stake. But the amazing saga of that small and troubled Sydney construction and engineering company continues with a new player entering the game.

It will be recalled that it all started just four months ago when Mr Fischer's ADC snapped up a 19.8 per cent stake in Enacon and unveiled a bid at 80c a share for an additional 25 per cent, and control.

After a fascinating brawl over Enacon's accounts which ultimately saw the company disclose in late-December that it had understated its 1983 loss by \$1 million, ADC became the first offeror in Australian corporate history to actually cut its offer price with the blessing of the NCSC.

ADC came down to 55c and in retrospect this appears to have been a major tactical error which probably cost the company a quick victory.

Enacon, now advised by Mark Burrows of Baring Bros Halkerton, smartly issued its Part B statement rejecting the revised offer as being totally inadequate. The company was able to show the offer was barely half its \$1 asset backing — even after adjustment for the understatement on the loss.

Furthermore, ADC was being over-bid in the market. Soon after he moved to match the market, by lifting his offer back to 70c. If he had opted for that level earlier it would have been extremely difficult for Enacon to have rejected the offer out of hand given the profit, or rather loss, record.

But it was too late. Things were starting to happen very quickly.

A company called Vapocure had become a market high-flyer on the back of a paint process it had invented. Enacon had licensing rights and its share price rose in sympathy.

Merchant bank Schroder Darling moved into the market and snapped up 10 per cent of Enacon's capital at 85c a share and Abignano unveiled an offer for 100 per cent of Enacon.

However, like its predecessor, Abignano appears to have pitched its offer too low by offering 75c cash and may already be out of the auction after someone outlaid 85c per share to buy ADC's 20 per cent.

No doubt more water will flow under the Enacon bridge.

GOVERNMENT'S VORACIOUS APPETITE				
	80/81	81/82	82/83	83/84*
Total public spending \$m	49,861	57,352	68,032	78,403
Total public revenues \$m	45,113	52,643	57,849	63,119
Total public deficit \$m	4,748	4,710	10,182	15,286
Spending as % of GDP	38.1	38.8	42.3	43.3
Deficit as % of GDP	3.6	3.2	6.3	8.4
* Estimated				
Source: Australian Bureau of Statistics				

CANBERRA INVITES JAPANESE TO ADVISE INDUSTRY RESTRUCTURE

Perth THE WEST AUSTRALIAN in English 3 Mar 84 p 24

[Text] CANBERRA: A top former Japanese Government official will be brought to Australia to advise on the restructuring of Australian industry.

The Prime Minister, Mr Hawke, announced yesterday that the former Vice-Minister for International Trade and Industry, Mr Naohiro Amaya, would visit Australia next month.

He told a meeting of Australian and Japanese newspaper editors and publishers that Mr Amaya had accepted the invitation to further discuss the Japanese experience in restructuring.

Meetings

He said that the Government would arrange for Mr Amaya to meet Government, business and trade-union leaders.

Mr Hawke said he had already discussed the Japanese approach to industry restructuring during his visit to Japan in January.

He pointed to Australia's continuing economic recovery and said that with that recovery would come "a healthy restructuring."

The Government had already started a steel-industry assistance plan, he said, and both the objectives and approach adopted in this case stood as a precedent for the Australian car industry.

"It will be individual firms that will take the crucial decisions on which Australia's competitive edge will hinge," Mr Hawke said.

Winners

"It is not for government to get into the business of picking winners and losers.

"But government can provide a framework, can define more precisely the context within which industrial change will occur."

Mr Hawke said that work had already begun through the Economic Planning Advisory Council to establish the necessary information on economic and industry trends.

He had also formed a committee of Cabinet ministers under the chairmanship of the Industry and Commerce Minister, Senator Button, to consider what had to be done.

Mr Hawke told the meeting that there was scope for still closer political relations between Australia and Japan.

CSO: 4200/640

COMMERCE LEADERS SUPPORT NEW BANKING LICENSES

Perth THE WEST AUSTRALIAN in English 5 Mar 84 p 16

[Text] CANBERRA: The Australian Chamber of Commerce has strongly favoured new banking and foreign-exchange licences, interest-rate deregulation and off-shore banking in its response to the Martin report on the Australian financial system.

The chamber yesterday released its submission to the Federal Treasurer, Mr Keating, in response to the Martin report, which was made public on February 22.

The Martin report said that the Government should allow banks to set their own interest rates, pay interest on cheque accounts and admit four to six new foreign and domestic banks.

The report opposed off-shore banking units, issuing national recovery bonds or Australian housing bonds, as proposed in the last Federal election campaign, or putting more restrictions on the non-bank financial sector by proclaiming Part IV of the Financial Corporations Act.

The Chamber of Commerce said it believed that a maximum of six licences for new domestic or foreign banks was too restrictive. It asked the Government to consider granting more licences within a few years.

It supported interest-rate deregulation and removal of other restrictions on banking activity. It opposed any move to proclaim Part IV, which it said would put unacceptable controls on the financial system

Cheques

It also supported the Martin report's recommendations to broaden access to the cheque-payments system and to establish an Australian payments system council to help develop domestic payments systems.

"We strongly endorse the report's recommendations that the Government does not proceed with the proposals to create housing and national recovery bonds," the chamber said.

"The Martin report articulates the case against these. We endorse these conclusions, and the introduction of such bonds would meet with strong opposition from the business community."

The member asked the Government to respond to the recommendations of the NSW Wharfedale report, which favoured the establishment of off-shore banking units.

The chamber said it knew of the political difficulties associated with the beneficial tax and regulation structure that must accompany the creation of off-shore banking units if they were to operate competitively.

But the failure to create a sophisticated off-shore market in Australia would be a big restraint on Australia becoming a major regional financial centre.

CSO: 4200/640

METAL INDUSTRY DISSATISFIED WITH BANKING

Melbourne THE AGE in English 10 Mar 84 p 21

[Article by Simon Holberton]

[Text] There is widespread dissatisfaction with the present operation of the banking system among Australian businesses and most favor continued deregulation and more competition, according to a survey by the Metal Trades Industry Association of Australia.

It found that most of 203 firms surveyed banks were less competitive than non-bank financial institutions, and that the entry of foreign banks was desirable.

The survey report, on finance for Australian industry, was written by Mr. Tom Valentine, of Macquarie University's Centre for Studies in Money, Banking and Finance. It was released simultaneously in Melbourne and Sydney yesterday.

"A majority of the respondents were critical of the performance of banks and supported the further deregulation of the financial system. The critical reaction was particularly evident amongst listed firms," the report said.

But, the report also showed that "a sizeable minority of respondents indicated a higher regard for the banks and therefore opposed further deregulation."

However, the report concludes that further deregulation of the financial system was likely to produce further benefits in terms of increased competition. It said the authorities should consider, in the near future, the removal of interest rate controls on loans under \$100,000 (the protected small overdraft rage), and the removal of maturity controls on banks.

While it conceded the removal of interest rate controls on small overdrafts would cause concern to small business, it asserts that the end of controls would "wipe out the credit rationing which occurs now because there is an excess demand for funds at the concessional rate."

It also points out that most borrowers have been moved by the banks into categories to which the controls do not apply, and, finally, "the removal of interest rate controls and maturity controls will probably lead to an increase in the term for which banks are willing to make loans".

The report argued that the introduction of foreign banks would "probably lead to a liberalisation of the criteria which are applied to loan applications, that is, there will be more lending on the basis of cash flow, stocks, receivables, etc."

The MTIA survey found its informants to be particularly critical of the banks provision of venture capital and concluded that "Government intervention is justified in this area because the private sector does not appear to be capable of diluting the risk involved in projects of this type".

While the report said the Federal Government's plan for management and investment companies (MICs) was a "useful approach" it criticised the initiative on the basis of bureaucratic procedures, its small level of funding, and its arbitrary eligibility criteria.

Aside from Government assistance and initiatives the MTIA could make itself, the report said that further deregulation of the financial system would improve the ability of financial institutions to absorb venture capital projects.

CSO: 4200/640

AUSTRALIAN DOLLAR GAINS FROM U.S. DOLLAR SLIDE

Sydney THE SYDNEY MORNING HERALD in English 8 Mar 84 p 17

[Article by David Porter]

[Text] The Australian dollar surged ahead strongly yesterday against the US dollar and, with a fine sense of timing, rose above its pre-devaluation levels on the first anniversary of the Hawke Government's first decisive step in office.

It was not so much the strength of the Australian dollar which was responsible for yesterday's improved relative value, however. It was the continuing pressure on the US dollar on world foreign exchange markets yesterday, as the US dollar continued its downward spiral against most overseas currencies, hitting a two-year low against the Japanese yen. Some commentators in New York were reported to be predicting a 25 per cent drop in the US dollar's value this year.

After closing on Tuesday at US94.75c, the Australian dollar, jumped in early bullish trading to reach US95.8c, before easing back late the day to close at US95.67c.

Conventional wisdom in the Sydney money market is that the Australian dollar will rise further against a softer US dollar, the extent of the predicted rise varying from US98c to parity.

The Australian dollar has now risen 6.4 per cent against the US currency since its early January level of US90 cents. This rise has taken the dollar above the level ruling prior to the 10 per cent devaluation last March.

That devaluation pushed the dollar from US95 cents down to US86 cents in one day and was prompted by heavy speculation against the local currency.

Meanwhile, the US dollar took another battering on overseas exchange markets yesterday with many banks in Japan and South-East Asia unloading dollars in the expectation that the US currency will fall still further.

In Tokyo, the US dollar closed at 222.10 yen after a hectic day's trading, which saw the US currency plunge to a low of 220 yen.

Some forecasters are predicting an even more drastic fall to below 220 yen, but rumours abound that the US central bank, The Federal Reserve Board, might step in with support for the first time in the three years of the Reagan Administration.

Japanese market sources also reported rumours that the Bank of Japan might intervene soon to prevent a more serious dollar decline.

The bank, which never comments on its intervention on the exchange, last acted in November to prevent the yen falling against the dollar.

Dealers at the Sawa Bank in Tokyo said they saw little sign of a reversal in the slide, which since last week has brought the dollar down from its long-standing perch of 232-233 yen.

The vice president of First National Bank of Chicago, Mr Gunji Sakamoto, said there was now strong market sentiment looking for 215-216 yen to the dollar.

The decline in the US dollar, which has gathered sharp falls against the German mark and the Swiss franc.

Following its 40 per cent fall against the US dollar, from DM1.72 in October 1979 to 2.85 in January 1984, the mark has recovered strongly in the past few weeks, rising 12 per cent against the US dollar. The Swiss franc has shown the same overall pattern as the mark, but has been less volatile in recent months.

On the local short-term money market yesterday, dealers said that tight cash conditions and nervousness over today's bond tender announcement dominated a generally cautious day's trading.

The banking system began the day with an estimated cash deficit of \$1 million dollars, with Treasury advising that \$1 million of government bonds were still to be settled.

Cash rates firmed to 13-13.5 per cent, up from 12 per cent on Tuesday.

Bank bill rates also rose in nervous trading. The 90-day paper traded at 13.6 per cent, compared with 13.2 per cent on Tuesday, while the 180-day bills climbed to 13.25 per cent, compared with the previous day's 13.05 per cent.

On the secondary bond market yesterday, yields on February 1988 stock eased to 13 per cent, compared with 13.95 per cent on Tuesday. Both the August 1993 stock, at 14.05 per cent, and the August 1997 issue, at 14.2 per cent, remained steady at the previous day's levels.

CSO: 4200/640

BRIEFS

ACTU 'ANXIETY' OVER GOVERNMENT RESPONSE--MELBOURNE: The ACTU yesterday expressed deep anxiety over the Federal Government's approach to the Martin-inquiry report on the future of the Australian financial system. The ACTU secretary, Mr Bill Kelty, has called for urgent talks to discuss so-called major limitations to the report and the lack of Government consultation with the union movement. Mr Kelty said the union movement was particularly anxious about the report's recommendations that housing-interest rates should be deregulated and that foreign banks should be allowed to enter Australia. If housing rates were deregulated it could result in upward pressure on current rates, with direct effects on the disposable income of wage and salary earners, he said. If foreign banks were allowed into the country, they would offer few benefits in terms of employment or improved banking services, though they were likely to severely weaken existing Australian banks. [Text] [Perth THE WEST AUSTRALIAN in English 8 Mar 84 p 25]

ACTU, UNIONS DIFFER ON URANIUM POLICY--MELBOURNE: Unions involved in the uranium industry are believed to have attacked ACTU policy on uranium yesterday. The meeting was called by the ACTU president, Mr Dolan, last December in a bid to defuse a rift between the unions and the ACTU over the uranium issue. Official ACTU policy opposed uranium mining but the major unions in the industry support the Roxby Downs uranium project in South Australia. Yesterday's meeting was attended by delegates from about 15 unions, including the Australian Workers' Union, the Amalgamated Metals, Foundry and Shipwrights' union. Informants said last night that there was strong discussion from union delegates on the uranium issue and ACTU policy. Reports prepared by each union on its views of uranium mining were submitted to the meeting and will be referred to the next ACTU executive meeting on March 19. [Text] [Perth THE WEST AUSTRALIAN in English 6 Mar 84 p 12]

CSO: 4200/640

NATION ALERTED TO ATTEMPTED COMMUNIST COMEBACK

Perth THE WEST AUSTRALIAN in English 28 Feb 84 p 23

[Article by Leigh Mackay]

[Text] JAKARTA, Mon: The commander of Indonesia's armed forces, General Benny Murdani, has warned of an attempted comeback by the banned Communist Party and called for corrections to some textbook accounts of the communists' role in Indonesia's independence struggle.

"Though the party has been outlawed and communist teachings banned, the communists in accordance with their doctrine won't stop their struggle," the official Antara news agency quoted him as saying.

His warning backs up similar statements by ministers and officials and the banning of the weekly news magazine Topik for two articles with alleged communist tendencies.

General Murdani told a "national vigilance" course for business men that the communists remained a latent threat to national security.

He rejected the views of some history books that nationalist uprisings against Dutch colonial rule in 1926 and 1927 had been communist-inspired.

These accounts were false and needed rewriting because the mass revolts were inspired by hatred of colonial rule and not faith in communism, he said.

The communists had never contributed to the liberation struggle but had been responsible for "many bloody national tragedies."

General Murdani cited the communist uprising at Madiun in central Java in 1948 and the attempted coup of 1965 that instead brought the present Suharto government to power.

Blaming the uprising on the Communist Party (Indonesian acronym PKI) and Chinese communist influence, Mr Suharto banned the party and affiliated groups with an estimated membership of about 20 million and broke relations with Peking.

About three million communists were killed, interned or exiled and Jakarta has yet to resume relations with China.

The Government recently allocated \$5.5m to screen and re-educate an estimated 1.6 million former PKI members.

Announcing the move, the director-general of social and political affairs, Mr Tojiman Sidikprawira, said that communism was still a real danger to the nation.

The Information Ministry temporarily suspended publication of Topik last week for an article entitled "Looking for the poor group" which, a ministry announcement said, "has the tone of wanting to fan a class struggle between the poor, who seem to be the oppressed class, and the rulers, who seem to be the oppressing class."

Topik said that the poor could improve their situation only by seizing power. The ministry countered that writings on class struggle were essentially the teachings of communism.

CSO: 4200/635

APPROVED INVESTMENTS AMOUNT TO RP. 10 TRILLION

Jakarta BUSINESS NEWS in English 2 Mar 84 p 8

[Text] The total of investments under PMDN (domestic investment) scheme and PMA (foreign investment) scheme approved by BKPM (Investment Coordinating Board) had up to the end of December 1983 stood at Rp 10 trillion, whereas PMDN/PMA projects still under provisional approval, application for the change of status and the extension of provisional approval had up to the end of 1983 been worth over US\$.3 trillion. This was disclosed by BKPM Chairman Ir. Suhartoyo when he opened an exhibition of the East Java investment potential at the BKPM central office here earlier this week.

With the enforcement of new tax laws since January 1, 1984, BKPM will give final approval only to projects which abide by the laws, according to Suhartoyo. In this connection, he stated that around 35 percent of the US\$ 3 trillion worth of projects which had not obtained final approval from the board would abide by the new tax laws.

The head of the East Java BKPM (Provincial Investment Coordinating Board), Drs. Mohammad Suhdi, said on the occasion that the target of PMDN/PMA investments in East Java to be approved this year was Rp 630 billion.

In Pelita I (first five-year development plan--1969/79 to 1973/74), 192 PMDN projects with total investments amounting to Rp 194.08 billion in East Java were approved, while in Pelita II (1974-75-1978-79) the approval for PMDN investment in the province was granted to 171 projects with total investments amounting to Rp. 350.66 billion. In Pelita III (up to December 1983), the approval for PMDN investment in East Java was obtained by 129 projects with total investments standing at Rp 1,937.71 billion. Thus, the value of new PMDN investments in East Java drastically increased in Pelita III.

PMA investment approved in Pelita I consisted of 27 projects with total capital amounting to US\$ 169,354,000, and in Pelita II the approval given to PMA investment in East Java covered new 33 projects with total capital amounting to US\$ 267,763,000. In Pelita III (up to December 1983), 14 new PMA projects with total investments of US\$ 311,081,000 were approved.

The target of capital investment in East Java has been set, based on the 1978 constant price, at Rp 3,331.71 billion in Pelita III, comprising Rp 1,332.68

billion in the government sector and Rp 1,999.03 billion in the rprivate sector. Investment in the private sector includes PMDN/PMA companies, non-PMDN/non-PMA companies and cooperatives.

The realisation of PMDN and PMA investment in East Java in Pelita III involved total capital amounting to Rp 1,937.71 billion and US\$ 311,081,000. Thus, PMDN investment made since the beginning of Pelita III has been able to meet the target of PMDN/PMA investment in Pelita III.

CSO: 4200/627

INDUSTRIAL DEVELOPMENT IN FOURTH 5-YEAR PLAN EXAMINED

Jakarta BUSINESS NEWS in English 7 Mar 84 pp 3, 4

[Editorial II; "Industrial Development in Repelita IV"]

[Text] In the fourth five-year plan (repelita IV) the sector of industry should register the highest growth rate. If the GDP is estimated to increase by 5% per annum, the industrial sector is expected to grow by 9.5% annually, in order to enable the 5% of GDP growth.

The first question is whether the sectoral growth rate is in keeping with the growth figure estimated for the entire economy. The comparison between sectoral and GDP growth rates is called elasticity. The elasticity rate for industry in Repelita II and III was indeed big, around 2. It means that if the GDP rises by 7% per annum, industry can go up by 14% annually. However, those were golden periods for domestic industrial development, because of the vast domestic market and the protection against imports, enabling this sector to make a rapid progress.

In Repelita IV such a condition may no longer prevail. A lot of industries, especially in the downstream section, have found their domestic market saturated. The best example is textile manufacturing. The opportunity for domestic market expansion still exists in large scale downstream industries. It means that the financing of such industries will be a great burden; and the expansion of industries of a more downstream nature must also be directed towards the foreign market.

This is already taken into account in Repelita IV schemas. In Chapter II concerning industries it is indicated that with the GDP rate of 5% annually the domestic market demand for industrial products will rise by (only) 8.5% per annum, so that if the industrial value added is supposed to increase by 9.5% per annum, the remaining products must be exported. These exports of industrial products are projected to go up by 13-14% annually in real terms. Nominally the yearly increase can reach 20% or more.

Industrial development in Repelita IV is also to carry out other tasks as well. We are aware of the government ambition to prepare the economy for a take-off in Repelita IV. For this purpose development efforts in this period have to make arrangements for its basic framework. In this context the

industrial sector has a tough job to perform. For the take-off, it means that the economic structure must become more balanced and industrially strong, so that continued economic advancement by its own strength is ensured, also in the further stages of industrial build-up. To this end, a lot of machinery industries must be set up in the course of Repelita IV, viz. those producing machines and equipment for industrial plants, machine tools, agricultural machines, heavy/construction equipment. Base metal and base chemical industries also need further boosting, such as those producing petrochemicals, agrochemicals, cellulose, inorganic chemicals, and so forth.

Besides the task of developing this industrial basis, there are still other targets of developing strategic industries in Repelita IV, such as aircraft, railways, automotive, shipping, defence industries, and the like.

Hence all the targets mentioned above must fulfill the prerequisite for the economic take-off, which by such evaluation can be concluded that the industrial sector must prepare the precondition for rapid economic growth. In other words, the main task of industrial build-up is devoted to growth. How about the target of equity?

Naturally, the general objective of Repelita IV to take care of the main priority of development goals, i.e. equity, must not be overlooked. How this is supposed to be achieved, is not so clearly apparent in the Repelita IV schemes. As subsectoral growth targets it is mentioned that to reach the annual industrial growth rate of 9.5%, machinery and base metal industries must grow by 17.0% per annum, base chemical industries 17.2%, multifarious manufacturing industries 6.5%, and small scale and smallholder handicraft industries by 3% annually. From these growth targets the dilemma of our industrial growth is apparent, with the mission to prepare the economic take-off. Subsectors that are more labour intensive and that provide more employment cannot be expected to increase considerably in their value added. Of course, at the same level of value added small scale and handicraft industries can create more job opportunities than large scale or basic industries. But the dilemma of how the industrial sector is also supposed to carry out the mission of equity is yet to be solved.

The meaning of the equity target should probably be interpreted in a different way for the (growth of the) industrial sector. This equity target still has diverse paths, e.g. equity in regional development and equity in business opportunities. If new industries can be distributed to various locations in regions, they will also meet the equity target.

The subsectors of small scale and smallholder handicraft industries should certainly be developed and enabled to grow to the maximum. A fairly big portion of the budget of the Ministry of Industry, and also the budgets of other ministries e.g. manpower, trade, education etc. should also support the growth of these smallholder industries, through education, skill training, production and marketing technical guidance, and so forth.

TIMOR FAMINE CRISIS EASES AS FIGHTING SLOWS

Canberra THE AUSTRALIAN in English 2 Mar 84 p 4

[Text] JAKARTA: Fighting has eased between East Timor's Fretilin guerillas and Indonesian troops but tight military control remains as authorities strive to overcome food shortages, senior sources here report.

The sources, rare because they were eye-witnesses, said the military had reduced infantry and air strikes when Fretilin cut back its hit-and-run attacks at Christmas, probably owing to the intensifying wet season.

The sources said food was running short in central and eastern districts in December. In some areas military security had prevented farmers attending crops some distance from villages.

However, the army was overcoming shortages by trucking or airlifting food from the provincial capital, Dili, and most villagers were now at least adequately fed.

The military did not rule out a new Fretilin campaign when the rains eased in April, and would not withdraw their 12,000 or so troops, the sources said.

Fretilin (the leftist Revolutionary Front for an Independent East Timor) has waged a sporadic guerilla war since Indonesia forceably annexed the former Portuguese colony in 1976.

Since resuming attacks last August after a six-month lull, Fretilin had increased its strength to about 700 men through defections of several hundred civil guards (Hansip), armed mostly with World War I Mauser rifles.

A Fretilin communique released in Lisbon in January said the guerillas had evaded an Indonesian sweep involving 12,000 troops, air and naval bombardment and systematic burning of villages. Fretilin claimed it destroyed eight armored cars and killed 30 troops in one action.

The sources doubted Fretilin's figures. However, they confirmed a military drive in November-December using A-4 Skyhawk ground-attack planes and OV-10 Bronco counter-insurgency jets.

The sources, mostly non-Indonesian, also confirmed successful Fretilin ambushes before December in which troops died, weapons were captured and several light armored vehicles disabled.

Military, Catholic Church and civilian spokesmen considered relations between troops and villagers were amicable, despite language difficulties, and disruption of village life.

Soldiers, especially the well-disciplined, Red Beret commandos (Kopassandha), were under strict orders to avoid antagonizing civilians and to present themselves as guardians of the peace.

Main towns in the central and eastern districts, where fighting had been most intense, were secure enough for villagers to travel up to 2km without permission or armed guard.

Villagers in traditional subsistence areas looked healthier than in the past. In western areas well outside the military zones, such as Ermera, Ainaro and Suai, abundant corn was almost ready for harvesting and surpluses of rice and fruit were expected--provided March rains were good.

CSO: 4200/635

DEVELOPMENT OF IRRIGATION SYSTEM IN RIAU

Jakarta BUSINESS NEWS in English 2 Mar 84 p 6

[Text] Riau still has to receive 140,000 tons of rice from other provinces at the end of Pelita III, though the Public Works Department has completed irrigation networks covering around 108,000 ha in the province. Around 80,000 ha of the 108,000 ha of irrigated farmland in Riau is located on tidal and non-tidal swampy land.

The development of the irrigation system in Riau will be intensified in Pelita IV so as to make the province self-sufficient in rice. According to the result of survey, about 1.6 million ha of land in Riau can be converted into potential farmland through further development of irrigation networks and reclamation of swampy land.

With a land territory covering around 9.4 million ha, the Riau province has a population of about 2.4 million at present. Around 650,000 ha out of 1.6 million ha of land suitable for farming in the province is located in non-swampy areas, whereas the remaining 950,000 ha are located in swampy areas.

The development of the irrigation system in Riau in Pelita IV will also support the realisation of the transmigration program. At the present time more than 28,000 families out of 3,000 families already resettled on dry land in the province have cultivated their farmland works and around 12,000 families have occupied tidal swampy land.

Irrigation projects to be handled in Riau in Pelita IV will involve the creation of medium and small irrigation networks altogether covering 14,000 ha spread in 20 locations. The whole irrigation projects are expected to be completed at a total cost of over 47 billion.

CSO: 4200/627

USE OF COAL IN CEMENT INDUSTRY INTENSIFIED

Jakarta BUSINESS NEWS in English 2 Mar 84 p 6

[Text] The switch in the use of the energy source in the cement industry from fuel oil to coal has been undertaken as part of the realisation of the diversification program in the field of energy launched by the government.

Discussions on the use of coal as an energy source for industries between the Department of Mines & Energy and the Department of Industry, which also involved the Indonesian Cement Association, took place here in February, 1984. In addition to those discussions, a symposium on cement industrial engineering was held here recently, organised by the Asean Federation of Cement Manufacturers (AFCN).

As the follow up of the discussions, the director general for base chemical industries issued letters which mentioned the government decision to shift the use of the energy source in the cement industry from fuel oil to coal. The letters have been sent to all cement plants in Indonesia. In view of the fact that the price of coal is lower than the oil prices, the use of coal to operate cement plants is expected to reduce the cost of cement production.

In the conversion of the fueling system to the use of coal, cement plants are suggested to work out concrete plans that will include the procurement of port infrastructures, coal terminals, and facilities to serve the transport of coal from the ports where the coal is unloaded to the plants. The installation of the coal fueling system in cement plants should be completed in time, in accordance with the schedule to start the use of coal.

Besides additional investment required in the procurement of new infrastructures, around US\$.15 million is needed for the installation of the processing system that uses coal as fuel.

Three cement plants in Indonesia use coal as fuel at present, the three plants, namely PT Semen Padang, PT Semen Baturaja and PT Semen Kpang, respectively consumed 210,000 tons, 80,000 tons and 12,500 tons of coal a year. The supply of coal to cement plants in Indonesia is projected to reach 4.9 million tons by 1990, from the Ombilin, Bukit Asam and Kalim coal mines.

NO PLANS TO EXPLOIT GAS RESERVES OFF NATUNAS

Kuala Lumpur BUSINESS TIMES in English 28 Feb 84 p 1

[Text] A LARGE deposit of natural gas has been found off Indonesia's Natuna Islands in the South China Sea, but the country has no immediate plans to exploit the reserves in view of the current market uncertainty.

Pertamina president director, Mr Jeodo Sumbono, said confirmation obtained two weeks ago put the reserves at some 31 trillion standard cubic feet or about equal to the total volume of natural gas reserves found so far in Indonesia.

He said the find had greatly boosted Indonesia's LNG production potential but Pertamina had no immediate plans to exploit the reserves.

The country's current LNG production figure is 4.8 billion standard cubic feet a day and the bulk 4.4 billion square feet is consumed locally.

Mr Sumbono said the production rate would be increased gradually over the next five years to achieve a target of 5.4 billion square feet in 1989.

On crude oil, he said Indonesia was limiting its production because of the continuing world oil glut and downward trend in prices.

However, exploration activities and efforts to increase production potential would continue.

The target is to raise production capacity to 1.75 million barrels a day by 1989.

At present, Indonesia is producing 1.3 million barrels of crude oil a day although it has the capacity to produce 1.6 million barrels a day.

Mr Sumbono said the total oil production potential of Opec and non-Opec countries stood at 60 million barrels a day while demand in 1984-85 was estimated at 47 million barrels.

The situation was made worse by sizeable oil reserves being held by industrialised countries, he added.

He believed the next few years would continue to be a buyers' market.

In view of this, Mr Sumbono felt that Indonesia would have to maintain "good relations" with its clients.

He did not elaborate on this but said that as a result of this approach, Japan had agreed to import about 12 per cent of its petroleum requirements from Indonesia.

Mr Sumbono also said that with the completion of the expansion work at the Cilacap, Balikpapan and Dumai refineries, Indonesia would no longer have to refine its oils in Singapore.

Local refineries were now able to turn out sufficient petroleum products to meet the country's requirements as well as for export.

CSO: 4200/635

BRIEFS

BUKIT ASAM COAL PRODUCTION--The production of coal from the Bukit Asam coal mine is expected to reach an average of around 3 million tons/year from 1987. Around 90 percent of coal from the Bukit Asam coal mine in South Sumatra, or around 2.2 million tons, will be supplied to the Muralapa thermal power station in West Java, 400,000 tons will be supplied to the Bukit Asam thermal power station, and the remaining 400,000 tons will be supplied to the PJKA State Railways, a thermal power station for a tin mine in Bangka and a ferro-nickel smelting plant in Pomalaa. PT Tambang Batubara Bukit Asam has since its first production supplied coal to PT Tambang Timah Tin Mining Company in Bangka, the Pomalaa ferro-nickel smelting plant, a tin smelting plant in Mentok, the Baturaja cement plant and the PJKA State Railways. The Bukit Asam coal mining project has been 30% completed at present. [Text] [Jakarta BUSINESS NEWS in English 2 Mar 84 p 8]

BALANCE OF TRADE DEVELOPMENT--Indonesia's balance of trade recorded a surplus of US\$1130.8 million in 1971 and the surplus continued to go up, reaching US\$ 3,584.4 million in 1974, and then fell to US\$ 2,332.7 million in 1975, and since then, the surplus kept on rising, reaching US\$ 13,116 million in 1980, data recorded by BPS (Central Bureau of Statistics) show. But the surplus dropped again to US\$ 11,892.4 million in 1981 and declined further to only US\$ 5,434.4 million in 1982. Provisional data show that the surplus stood at only US\$ 1,047.4 million in 1983. Without oil, Indonesia's balance of trade has so far recorded a deficit of trade stood at US\$ 326.7 million in 1971, and continued to increase, standing at US\$ 2,693 million in 1976, and then dropped slightly to US\$ 2,023.4 million in 1977. In 1978, the deficit rose again to US\$ 2,452.9 million; and in 1979, it fell drastically to only US\$ 982.5 million. Provisional data show that the deficit soared to US\$ 8,528.6 million in 1983. [Text] [Jakarta BUSINESS NEWS in English 7 Mar 84 p 6]

CSO: 4200/627

TAX PAYMENTS, RICE SALES, EXCHANGES FOR GOODS TO STATE

[The following information was extracted from the Vientiane media on the dates indicated in parentheses after each item in the remarks column. The following abbreviations are used: PS=PASASON, VM=VIENTIANE MAI, KPL=KHAOSAN PATHET LAO]

LOCATION	REMARKS
Gnot Ou, Phong Saly Province	District farmers have completed tax payments which began in late 1983 totaling 263 tons. (PS 8 Mar 84 p 1)
Luang Prabang Province	Farmers have sold or exchanged for goods 2,500 tons of rice with the state of which 1,050 tons came from Luang Prabang District. (PS 8 Mar 83 p 1)
Saithani, Vientiane Capital	District farmers have paid as taxes, sold or exchanged for goods 3,200 tons of rice from the end of December 1983 to 1 March 1984. 1,300 tons of rice were tax. (VM 8 Mar 84 p 1)
Sisattanak District, Vientiane Capital	Farmers have paid as tax, sold or exchanged for goods 497 tons of rice to the state. Of this 67.1 tons were taxes. (VM 7 Mar 84 p 1)
Saisettha, Vientiane Capital	District farmers have paid as taxes, sold or exchanged for goods 301 tons of rice to state of which 46 tons were taxes. (VM 5 Mar 84 p 4)
Luang Prabang Province	Since January, farmers have paid 3,636 tons of rice to state as taxes. 900 tons more have been sold or exchanged for goods with state. (PS 3 Mar 84 p 1)

Vientiane Capital

Farmers have sold or exchanged for goods 6,122 tons of rice from November 1983 to February 1984. This is 98.74 percent of the plan and exceeds the 1983 totals by 25.8 percent. (VM 15 Mar 84 pp 1, 4)

Khong District, Champassak

Tax payments completed with 912 tons paid. 546 tons of rice sold or exchanged for goods with state. (PS 14 Mar 84 p 1)

CSO: 4206/102

NO INCREASE IN COMMUNIST ACTIVITY FOLLOWING MERGER

Kuala Lumpur NEW STRAITS TIMES in English 29 Feb 84 p 6

[Text] PENANG, Tues.--No significant increase in Communist terrorist activity along the Malaysian-Thai border has been detected despite the merger of the Marxist-Leninist and Revolutionary Faction of the Communist Party of Malaya last December.

The joint chairman of the Malaysia-Thailand Regional Border Committee, Maj-Jen Datuk Yaacob Mohamed Zain, said since the CPM-ML/CPM-RF merger on Dec. 5 which was announced over the Peoples' Radio on Dec. 11, there had been no significant increase in terms of subscription collection and contact with the masses.

He was speaking at a Press conference after the conclusion of the 44th Regional Border Committee meeting at Dewan Sri Pinang this afternoon.

Also present at the conference was the committee's Thai joint chairman, Lt-Gen Wanchai Jitjumnong, who is also the General Officer Commanding of the 4th Area Army.

"We are keeping a close watch on developments along the border and have taken several measures to ensure that security in the border area is contained," said Maj-Jen Datuk Yaacob who is also the General Officer Commanding-in-Chief, Peninsular Malaysia. "We can expect to see more co-ordinated efforts in future."

A joint statement issued at the Press conference stated that the Regional Border Committee had approved a combined Malaysia-Thai air exercise, code-named Air Exercise Thanai III, to be held in April along the border areas.

Maj-Jen Datuk Yaacob said the number of Communist terrorists along the border area had decreased to about 2,000.

A number of operations, both unilateral and co-ordinated, were carried out by troops under the command of Lt-Gen Wanchai last year.

"I strongly believe that this has disrupted the Communist terrorists and their logistics movement so much that they cannot launch (attacks) or incursions into Malaysia."

Lt-Gen Wanchai said there would be closely coordinated operations, including exchange of liaison teams between the two countries.

Meanwhile, in the joint statement, the committee said between April 16 and Nov. 30 last year, the security forces of both sides launched several successful operations, resulting in the killing of three Communist terrorists and the surrender of 29 others.

Maritime patrol forces of Thailand and Malaysia carried out 4,422 inspections and made 42 arrests in the prevention of crime and other illegal activities in the coordinated maritime patrol zones of Satun-Perlis and Narathiwat-Kelantan.

CSO: 4200/637

ARMY CONTINUES UPGRADING PROCESS

Kuala Lumpur NEW STRAITS TIMES in English 29 Feb 84 p 6

[Article by Sabry Sharif: "Army Packs in Firepower and Punch"]

[Text] KUALA LUMPUR, Tues.--The Army is to continue the process of upgrading itself into a credible modern force as it marches into its 51st year of existence.

It is envisaged that by 1990, the Army will be highly mobile, have the right balance of forces, adequate firepower and punch, enough to deter any would be aggressor.

Over the last five years under the Special Armed Forces Modernisation and Expansion Programme (PERISTA), the Army has expanded satisfactorily.

Men under arms increased from 70,000 to 100,000. It is unlikely that manpower growth will occur in the next few years.

The Army's capability has also been enhanced by better equipment, increased mobility, firepower and intensive training.

PERISTA has provided the Army with about 700 armoured personnel carriers, armoured fighting vehicles and light tanks at a cost of nearly \$1 billion for improved mobility and firepower.

Jen Datuk Mohamed Ghazali Haji Che Mat, the newly appointed Chief of Army, admits that the economic recession has cut into budget allocations for the Army, delaying the purchase of some weapons as spelt out under PERISTA.

"In 1981, the financial allocation for the Army's development was \$1.12 billion. This year, our budget is only \$195.6 million," he says.

One area where the Army is hit hard is the modernisation of the Artillery Corps. It is understood that the purchase of equipment, including more powerful field guns costing millions of dollars, has been delayed.

Weapons

The Army chief is optimistic that the Army will be able to get all its weapons within the next few years as the Armed Forces marches into the second phase of PERISTA, and the country's economy recovers from the world recession--the main reason for the numerous delays and postponements in Armed Forces projects.

"Nevertheless, much of the Army's major requirements in weapons and other equipment have been achieved in the last three years with some still awaiting delivery," he says.

"We hope that the Armed Forces in general and the Army, in particular, will be able to meet all its requirements by 1990, when the second phase of PERISTA ends," he adds.

It is also understood that the Ministry of Defence is looking into a more effective system of budgetary allocation for the Armed Forces based on a definite percentage of the Gross National Product rather than the allocation per project/expenditure method.

This will ensure that the modernisation and expansion of the Armed Forces is not hampered.

Jen Datuk Mohamed Ghazali, 53, and formerly the Chief of Staff of the Department of Military Intelligence, says he will continue to maintain the policies of his predecessor, Jen Tan Sri Zain Hasshim, who retired last month.

Units in operational areas will continue with operations to combat the existing threat posed by communist terrorists both in Peninsular Malaysia and Sarawak.

"At any time, the Army maintains at least 15 battalions (about 12,000 soldiers) on operational duties throughout the country.

"From 1973 to 1983, the Army has eliminated 306 communist terrorists in Peninsular Malaysia and 383 communist terrorists in Sarawak. We lost 148 soldiers in the skirmishes."

Jen. Datuk Mohamed Ghazali says the merger of the Communist Party of Malay (CPM)-Revolutionary Front and CPM-Marxist Leninist into the Communist Party of Malaysia is not a serious threat to the country.

"Our intelligence network indicates that they are still reorganising themselves. They have not been able to penetrate into Peninsular Malaysia.

"Even the CPM proper is organisationally weak. Their modus operandi is to avoid contact with security forces to build up their strength after years of desertions and surrenders among their ranks."

Nevertheless, the Army will maintain its preparedness not only to meet any future counter-insurgency threats but also external aggression. This is in

consideration of the fact that South-East Asia, despite the concept of Zone of Peace, Freedom and Neutrality (ZOPFAN), is still a zone of contention.

The Army Chief, however, has laid down five new guidelines as told to 50 high ranking Army officers on Feb. 24.

Army personnel are to:

- continue with their duties with sincerity and responsibility;
- maintain a high standard of discipline;
- enhance the standard of professionalism;
- strengthen the spirit of unity and comradeship; and
- maintain goodwill with society.

Without doubt, Jen Datuk Mohamed Ghazali's attention is on discipline, considering that there have been several cases of misbehaviour involving Army personnel and the public.

Discipline

"I have directed enforcement agencies in the Army to combat indiscipline without fear or favour.

"I have singled out four categories of offences that will be dealt with immediately--criminal breach of trust, disobedience, drug abuse and misuse of firearms."

He has also directed a study of the training establishments, which according to sources, are more geared towards training management-oriented rather than fighting-oriented officers and soldiers.

Qualified and non-commissioned officers will be posted to training establishments to upgrade professionalism. Special attention will be given to the training of junior leaders where knowledge and leadership determine the success of operations.

The Army has plans to form a mobile evaluation team to visit Army units and headquarters as assess ground level performances, capabilities and problems.

"In the process of their evaluation, 'trimming of the fat' may be recommended. These savings in manpower and resources may then be directed elsewhere and employed more usefully."

"Among the areas to be looked into will be training establishments to improve skill and professionalism. Implementation of Army policies will be another area. Discipline in the Army units will also be scrutinised." The Army chief, in summing up his assessment of the Army, says he hopes to see the service more skilled at counter-insurgency and conventional warfare with a high level of jungle and night fighting capabilities.

MUSA URGES END TO DEFICIT FINANCING

Kuching SARAWAK TRIBUNE in English 11 Mar 84 p 1

[Text] Kuala Lumpur, Saturday--Datuk Musa Hitam has directed State Governments to stop deficit budgetting, saying the practice could cause continual financial problems.

The Deputy Prime Minister, opening a meeting of the National Finance Council here today, said the directive was especially applicable to states with limited resources.

He said State Governments tended to budget for a deficit. "They appear to make annual estimates of expenditure without studying carefully their own capacity."

The one-day meeting at the Treasury was attended by Finance Minister Tengku Razaleigh Hamzah, his deputies, Datuk Sabaruddin Chik and Datuk Dr. Ling Liong Sik, and Menteri Besar and Chief Ministers of their representatives.

Datuk Musa, who is chairman of the council, said "although in theory deficit budgetting can encourage growth, especially during global economic recession, its effectiveness in practice is difficult to defend."

Burden

He said deficit budgetting had burdened states with limited financial resources and made projects difficult to carry out without additional loans from the federal government. Datuk Musa said the Federal Government itself followed a balanced budget policy.

He also said management of Land Offices had not been coordinated and improved as desired.

No positive changes were visible from action taken following various studies, he said and suggested that "more serious attention" be given to improving the system of collective revenue from land, the biggest source of income for State Governments.

The Federal Government had set up a task force to improve the accounting and revenue-collecting system of Land Offices.

Priority

He urged State Governments to cooperate closely with the task force, saying its establishment was in line with the Cabinet decision last year to set up a Land Data Bank in stages.

He also asked State Governments to coordinate and upgrade the machinery of Local Authorities which he described as the "vanguard" in communication between the government and the people.

Datuk Musa said that efficiently-managed Local Authorities would help step up socio-economic development.

On development expenditure, he said State Governments should only carry out projects which directly benefitted the people, especially the rural poor, and priority should be given to providing infrastructure.

CSO: 4200/637

PUSYON BISAYA PARTY LOSES POLITICAL CLOUT

Manila PHILIPPINES DAILY EXPRESS in English 19 Mar 84 pp 1, 6

[Article by Mel Parale]

[Text] PUSYON BISAYA, which in 1978 served as opposition vanguard with a clean sweep of the Central Visayas Batasan polls, is no longer the same electoral force.

Its 13 assemblyman who, at the Batasan opening six years ago marched into the session hall like conquering heroes, have parted ways.

The resignation of Minority Floorleader Mariano Logarta as Pusyon chairman weeks ago to join the KBL wrote finis to the union.

The Pusyon disintegration came as no surprise as the coalition had suffered cracks.

EXCEPT FOR one or two, its members had one after the other left the grouping, seeing their position no longer tenable with the group's objectives.

Assemblyman Valentino L. Legaspi, erstwhile Pusyon chairman, joined the UNIDO-Central Visayas (not affiliated with UNIDO).

Assemblyman Bartolome Cabangbang confined his political chores to the Statehood Federal Party which he heads.

Eutiquio C. Cintasencia, now reportedly blind, ceased political activity.

Alfonso Corominas became chairman of a newly formed party, the Pundok Sugbuanon.

Jorge M. Kintanar retired from politics.

Enrique L. Medina Jr., and Dominador Pernes, like Logarta, both joined the KBL.

Natalio B. Bacalso died after two years in the Batasan.

Assemblyman Filemon L. Fernandez joined a UNIDO-supported new coalition called Pinaghi-usa (Cebuano for unity).

Assemblyman Hilario G. Davide Jr. became a member of the Socialist Democratic Party (but he is running under the Pinaghi-usa).

LEFT IN THE Pusyon were Assemblymen Julian B. Yballe, and Jesus L. Villegas who was to be installed as new Pusyon chairman.

Villegas was set to regroup whatever remains of the Pusyon which was accredited by the Comelec as dominant opposition party only in Negros Oriental (462,000 voters).

Former Comelec Commissioner Casimiro "Nene" Nadarang, acknowledged organizer of Pusyon, blamed Logarta for what happened to the Pusyon. He said Logarta's visibility in Malacanang activities did not lend credibility to the group's fiscalization efforts.

MADARANG said the PUndok Sugbuanon (Cebuano group) which he has formed and which has been accredited by the Comelec as dominant opposition party in Cebu is fielding a complete slate in Cebu and Cebu City to be led by himself.

He listed his running mates as former Gov. Francisco Remotigue, board member Clavel Asas, Miguel Enriquez, incumbent Assemblyman Alfonso Corominas, and Oliveros Kintanar.

The Pkndok slate faces the KBL ticket led by Vice Gov. Ramonito Durano and former Mayor Florentino Solon and the UNEDO-backed lineup composed of representatives from six political groups.

THE NATIONAL Citizens Movement for Free Elections sought yesterday the creation of a task force to investigate reports on the presence of 7,000 new armahites in the first district of Tarlac.

The NAMFREL said if the investigation confirms the reports, immediate steps should be taken to either retrieve or confiscate the firearms.

Jose Concepcion Jr., NAMFREL national chairman, said the creation of the task force is in line with the group's earlier discussion with Gen. Fabian Ver, AFP chief of staff.

THE NACIONALISTA Party (Roy wing) announced yesterday the selection of its candidates in the Batasan elections in Pangasinan. They are Manuel R. Castro, Leopoldo B. Quesada, Demetrio Demetria, Juan de Vera, Antonio M. Reyes and former Gov. Nancy Sison. Manet R. Castro, party spokesman, said the NP will announce its slates in other districts before March 24.

NEW MONITOR PROMPTS CONCERNS OF 'MURKIER THAN EVER' POLLS

Quezon City VERITAS in English 25-31 Mar 84 p 14

[Article by Efran L. Danao: "Mover: The Still Unknown Factor"]

[Text] MOVER has moved into the election picture and, if the worst fears of NAMFREL are to materialize, the prospects for clean and honest polls have become murkier than ever.

MOVER is the acronym for the Movement of Volunteers for Enlightenment and Reforms. It is reported that it was organized and funded by government officials with close links to President Marcos.

Its sole reason for being, therefore, would be to protect the interests of the ruling Kilusang Bagong Lipunan particularly on election day.

When Veritas interviewed Larry Banag, MOVER president about this, all he would say was that the MOVER was governed by an 11-man Council of Elders. He admitted, however, that he was not at liberty to identify the members since "many of them are high government officials who prefer to remain anonymous."

The interview took place at MOVER's temporary offices at Suite 702, A&T Building on the Escolta. When pressed for more information, Banag said:

"Some of the Council's members are in the judiciary, so we must understand why they want to remain in the background. Their only purpose in organizing MOVER is to have a machinery which could give reliable feedback to President Marcos. They believe that through MOVER, the President will be informed of the true situation in the country."

WHO are affiliated with MOVER?

Sonny Domingo, executive director, claims that MOVER is the umbrella organization for some 80 groups. But, like Banag, he refused to identify any of them. He merely said that when they affiliated with MOVER, they agreed to subordinate their individual identity and work exclusively to attain MOVER's objectives.

"If I gave some names, the others might resent it," Domingo said.

NAMFREL sources, meanwhile, said that the bulk of MOVER's volunteers came from the Kabataang Barangay, the Youth Action for Development Organization (YADO) and the barangay councils. All of these, the NAMFREL sources stressed, are known to be rapidly pro-government.

Banag, however, sought to placate NAMFREL's misgivings, saying that MOVER merely wants to offer its assistance in the wake of the announcement of Comelec Chairman Vicente Santiago that the Commission welcomes any individual or group volunteering to insure clean and honest elections on May 14.

"I personally feel that the May elections will be cleaner than previous ones," he said, citing the safeguards in the election law like the appointment of poll watchers as among the main reason for his confidence. "And then, of course, there are NAMFREL and MOVER," he added.

"However, neither the NAMFREL nor MOVER but the people themselves who will give credibility to the elections," Banag emphasized. "I believe that these two organizations are still inadequate. If the people will not assert their rights, then the elections will not be credible," he argued.

BANAG claimed that MOVER has been clothed by Comelec with the same powers, duties and responsibilities as those given to NAMFREL, but Jose Concepcion, Jr., NAMFREL head, disagrees saying that the Comelec's letter to MOVER was actually no different from those sent to other organizations offering their assistance.

Banag said that MOVER has already launched the Gabay Bayan project which is similar to NAMFREL's Bantay Bayan. Volunteers to this MOVER Project will wage an information campaign for the registration of all qualified voters, guide voters to the proper voting centers on election day, looking out for flying voters and initiate exclusion proceedings against those found to be either non-residents or using fictitious addresses.

Veritas contacted Comelec Chairman Santiago to ask why the Comelec, has named a second group as its citizen arm.

"COMELEC needs all the help it can get because it is short in manpower. We can't ask citizens to help us by joining NAMFREL first. What if the citizens don't like to join NAMFREL? Now, here comes MOVER volunteering its assistance to us. We saw that the offer is in order so we accepted it," Santiago said.

He stressed, however, that while MOVER can wage an information drive for registration, help weed out flying voters, and help escort the ballots to voting centers, it is not yet been given the privilege of appointing poll watchers.

He added, however, that they are not ruling out the possibility of allowing MOVER to name poll watchers.

IT IS this question of poll watchers that is keeping NAMFREL on edge.

Section 176 of the 1984 Elections Code says that "civic, religious, business, youth and other similar organizations, upon previous authorization by the Commission, shall be entitled collectively to appoint one watcher in every voting center."

The poll watchers have the right to stay inside the voting center, witness the proceedings, take notes of what they may see or hear, file a protest against any irregularities and read the ballots after they have been read by the chairman, as well as the election returns after they have been completed and signed by the members of the citizens election committee.

CSO: 4200/629

DEPUTY TRADE MINISTER SEES CSSR AS MARKET

Manila BULLETIN TODAY in English 19 Mar 84 p 27

[Text]

Trade and Industry Deputy Minister Romulo B. Lumaig said Czechoslovakia can be developed as a market for Philippine exports in Eastern Europe.

He made this assessment after meeting with Gustav Smid, Czechoslovakian ambassador to the Philippines, who called on him to discuss Philippine-Czechoslovakian trade relations.

Lumaig said that Czechoslovakia's per capita income as of 1979 was \$5,482 increasing at an average of 3.92 per cent. Czechoslovakians, along with the people in the German Democratic Republic, enjoy the highest standard of living in the Comecon countries.

Trade relations between the two countries is governed by a trade agreement signed in 1977 which provides, among

others, the establishment of a Joint Commission that will discuss and formulate measures aimed at the expansion of mutual cooperation and trade relations between the two countries.

The commission held its last meeting last year in Manila and the two countries "agreed that there is need for more efforts in the development of trade transactions."

Lumaig said that an expanded and a balanced trade relations between the Philippines and Czechoslovakia will be beneficial to both countries.

He suggested that efforts be made along these lines in accordance with the spirit of the agreement and the agreed minutes of sessions of the Joint Philippine-Czechoslovakian trade commission.

Records from the MTI trade policy office show that bilateral

trade between the two countries increased from \$2.24 million in 1978 to \$3.62 million in 1982 while two-way trade for the first nine months of 1983 already reached \$3.47 million. Balance of trade had been in favor of Czechoslovakia.

During the period only seven products have been exported to Czechoslovakia, namely, crude coconut oil, cigarette fillers and binders, desiccated coconut, coffee, dresses, trousers and panties.

Major imports, on the other hand, consisted of polymerization and copolymerization products, mineral manufactures, textile and leather machinery, articles of rubber, non-electric parts of machinery, medical instruments and appliances and paper and paperboard.

COLUMNIST PREDICTS PESO DEVALUATION AFTER MAY ELECTIONS

Manila BULLETIN TODAY in English 19 Mar 84 p 40

[Article by Ramon Tulfo: "Reading the Times"]

[Text] A fortune teller in a Japanese restaurant on Roxas boulevard in Pasay City is doing brisk business looking into the future of some Cabinet members, ambassadors, bankers, politicians, judges, and high-ranking military officers. What they ask the crystal ball gazer is as pathetic as their belief in future mumbo jumbo. A restaurant employe tells us a woman judge asked when her appointment would be confirmed. A politician wanted to know if he would win in the Batasan elections in May. A colonel asked if he has a chance of becoming a general. A banker wanted to know when the next devaluation would be. The last query, it seems, is funny because one does not have to be a fortune teller to answer it. The banker was told to wait until after the elections in May.

There might come a time moves to be made by government bigwigs would depend on what fortune tellers see in their crystal balls.

CSO: 4200/630

MANILA DAILY: 'BUTCHER-SLAYING OF GALMAN SHOULD BE CONCERN FOR ALL'

Manila BULLETIN TODAY PANORAMA in English 18 Mar 84 pp 4, 5

[Article by Mauro R. Avena: "Hot Stuff for the Agrava Board"]

[Text] SHE SAID it cautiously, but that she said it at all--in public, albeit outside the country--augurs well for at least a partial satisfaction of the truth about the assassination of former Senator Benigno S. Aquino, Jr.

In a taped interview on the evening of February 22, retired Justice Corazon Juliano Agrava, chairman of the fact-finding board on the assassination, told Japanese television audiences that Senator Aquino might "have died by some other hand."

The hand was not, in other words, Rolando D. Galman's.

In a speech in Manila on February 29, one of her four colleagues on the board, Dante Santos, said just as cautiously, if with more pointed implications, that it didn't really matter whether Galman or someone else had shot Aquino, adding:

"The question which will face us is: Why did it happen at all? And if it is proven Galman was not the gunman, the question will be: Are some people above the law that they think they can get away with this?"

Santos' statement is, however, somewhat disturbing. Doesn't it matter to the board if Galman, his shady background notwithstanding, were found innocent of the crime imputed to him?

Let it be overlooked or, worse, glossed over, there was a second man who was killed just as brutally as Aquino on the tarmac of the Manila International Airport on the afternoon of August 21. That was Galman. In fact, Galman was killed more brutally than Aquino, his body being riddled by 16 bullets, some of them fired from Armalites at close range when he was already dead or dying.

The butcher-slaying of Galman should actually be a concern for all--specially, perhaps, human rights activists--considering the plight of his surviving kin, whose poverty and lack of influence seem to have made them highly vulnerable to military harassment.

First there was the case of his mother, Saturnia, and his sister, Marilyn, who, shortly after the assassination, were taken by military men from their home in Naeva Ecija and kept for weeks in several hiding places--purportedly on "protective custody," the last being at the headquarters of the National Bureau of Investigation. That was done against their will, and only a Supreme Court order gave them back their freedom. Next came the case of his common-law wife, Lina Lazaro, who, according to his son, Reynaldo, and stepdaughter, Roberta Maisbay, was picked up last January from their Bulacan home by several men, allegedly upon the order of Gen. Fabian C. Ver, chief of staff of the Armed Forces of the Philippines. She had been missing since and, for a while, the Galmans' lawyer, Lupino Lazaro, was tracking the lead of a supposed female "salvage" victim which, fortunately for her children, turned out to be a false one.

Santos' statement is also intriguing, in that it raises a question which impinges on the depth and breadth of the ultimate result of the Agrava board's investigation: who are the "people" that he had in mind?

The taped interview of Justice Agrava was aired over Japan's public television station, NHK, at the close of the board's first overseas inquiry.

Viewers of the Betamax tape, "Marcial Bonifacio: His Life for Reconciliation," will remember that NHK had conducted a thorough scientific study of the Aquino assassination with the use of film footages of its crucial moments taken by crewmen of the Tokyo Broadcasting System and the American Broadcasting Company. The study was supplemented by eyewitness accounts, such as those by Japanese journalists Katsuo Ueda and Kiyoshi Wakamiya, as well as by Japanese criminal investigation experts, like the voiceprint analyst, Dr. Matsumo Suzuki. This was sometime in September, several months before the publication in the United States of the book, *The True Story and Analysis of the Aquino Assassination*, written by Gerald N. Hill and Kathleen Thompson Hill. The book relies heavily on the same documentary and testimonial evidence, particularly Dr. Suzuki's voice prints, for its findings. The essential difference between the NHK study and the book by the Hill couple is that, while the former simply debunks the Galman theory of the assassination--which the military seems to fanatically hold onto even up to now--the latter proceeds to indict not only the military but also the government for a high-level conspiracy which it dubs "Manilagate."

With its general counsel, Dean Andres R. Narvaza, and one of its deputy counsels, Francisco Villa, the Agrava board flew to Tokyo on February 14 hoping it could meet and interview eight Japanese--seven of them journalists and co-passengers of Aquino on China Air Lines Flight 811, and three Filipinos who are now in hiding in Japan: Philippine Airlines ground engineer Ruben Regalado, and two women, also co-passengers of Aquino. Reportedly under the protection of a member of the Japanese Diet, Shintaro Ishihara, the two women have been mentioned prominently as vital eyewitnesses to the assassination. In late December, Regalado became the object of a P4-million libel suit by the four military escorts of Aquino when he told ABC-News, in a sworn statement, that Galman couldn't possibly have been Aquino's assassin. The board, however, was

only able to interview three Japanese—Dr. Suzuki, Ueda, and Wakamiya, in that order. But apart from the freezing weather, which everyone in her official party seemed to have found distressing, Agrava had no complaint about the board's Tokyo trip. It was "very productive," she told reporters back in Manila, although in her NHK interview, she had lamented that some people—doubtless referring to the three Filipinos—couldn't have "the courage, the patriotism to come out" and testify before it.

Arranged on a government-to-government negotiation, the board's inquiry in Tokyo, which was held in that city's police headquarters, was conducted behind closed doors, with officials of Japan's foreign ministry, national police agency, and ministry of justice laying down the ground rules. Technically, the members of the board sat during the entire proceedings as observers, with the presiding police officer asking the questions of the "witnesses"—questions which had been sought from the board in advance, but Justice Agrava later disputed this. She actually had reason to, for as Asiaweek's "inside stores" on those proceedings show, there had been occasions when the Japanese inter-agency's ground rules were broken, with Agrava getting away with some direct questions, for instance, for Suzuki. As she said in her talk to reporters in Manila, the interagency officials "were lenient and very cooperative."

Those officials might not also have been beyond intimidation—but not by Agrava who, in the board's public hearings on its homegrounds, could shush up a contentious lawyer with her raised voice or an unruly gallery with her gavel. While she and her colleagues were restricted to taking down notes, Suzuki could not, by any ground rules, be made to part with the tape recorder he had brought into the session hall. It was from this tape recorder that Asiaweek's Japanese correspondent, Mutsako Murakami, got a detailed picture of what transpired between Suzuki and the board.

Apart from presenting his credentials as a voiceprint expert and explaining how voice print analysis works, Suzuki—who is a medical doctor with a Ph.D. in engineering—appeared not to have provided the board with fresh testimony on the Aquino assassination. What he had to say about it that could help narrow the scope of the board's work in pinpointing the assassin of Aquino had been said in his voiceprint analysis featured in the NHK study and picked up by the Hills in their book. Agrava came prepared with a cassette-tape recording of the testimonies of a number of soldiers belonging to the Aviation Security Command, including those who had acted as Aquino's escorts, but the Japanese presiding officer didn't allow her to pass this on to Suzuki for analysis.

Some of the things that Suzuki told the board, for the most part without the benefit of translation, constitute a layman's introduction to voiceprint analysis and, as such, are worth culling from Asiaweek.

--"If I have enough voice samples of a person, I can identify the voice. In Japan, the reliability of voiceprints as legal evidence ranks after that of fingerprints, but it's ranked higher than handwriting analysis."

—"Every person has distinctly different features of his own, such as his own face and own voice track. Man creates vocal resonance by vibrating the vocal chords. Everybody has a different vocal resonance frequency, which can be distinguished by voiceprints. In my experiments, I could specify one voice out of 45,000 voice samples."

--"In mimicking another's voice, he would mimic the way he speaks, not the voice itself. Therefore he cannot betray the distinct difference of individual voiceprints."

It was when the board had already been back in Manila when Dr. Suzuki provided fresh testimony--to the press. The United Press International reported him as saying that he had already identified the Avsecom soldier who has houted "Pusila!" seconds before Aquino was shot: Lt. Jesus Castro, the escort leader.

Suzuki appeared before the board on February 16. He was followed on February 21 by Katsuo Ueda and on February 22, by Kiyoshi Wakamiya. Like Suzuki before him, Ueda and Wakamiya didn't give any fresh testimonies, although Wakamiya, who was closeted with the board for about 12 hours, regaled it with prints of his own photographs and three videotape recordings on the assassination. Both Ueda, a reporter of the Kyodo News Service, and Wakamiya, a freelance journalist who regularly writes for the magazine, Shukan Sankei, stuck to their previous testimonies, carried by the Japanese and international press shortly after the assassination, which belied the government and military theory that it was Galman who had shot Aquino. Wakamiya's actually pointed to a soldier as the assassin, except that he said he hadn't seen who it was for sure.

The board returned to Manila on February 24. If it found what it had heard in Tokyo to be "chilling," as one of its members, Ernesto Herrera, said, it didn't say how it reacted to reports from Washington, D.C. that the assassination of Aquino was a "military operation." The reports first appeared in the local press on that very day. On March 6, however, Justice Agrava announced that the board would go to the US to get the testimonies of two Filipinos who had made such a charge.

The two are Jose Fronda Santos, a confessed former member of the notorious pre-martial law military liquidation squad called "Monkees," and Ernesto Rosales, a former major in the Philippine Army. They made their charge through Alex Eaclamado, publisher of the US-based opposition newspaper, Philippine News, who offered to have them testify formally before the House Subcommittee on Asian and Pacific Affairs, headed by Rep. Stephen Solarz. Santos, who claimed he had been involved as a Monkee in 50 killings but had since served as a double-agent for Aquino and his supporters, said in an affidavit that Brig. Gen. Luther Custodio, former Avsecom commander, had asked him to kill Aquino in the US. Custodio vehemently denied this, saying it was a "brazen lie." Rosales, for his part, didn't name anyone. UPI quoted him as having merely said:

"There is no question in the minds of high-ranking officers of the Philippine Armed Forces (among others) that the Aquino assassination was a military operation."

Custodio's denunciation of Santos' charge recalls that of General Ver, who had referred to the testimony of Galman's stepdaughter on the possible abduction of her mother as an "outrageous lie." It was her testimony that made Ver tell the board that he was willing not only to testify before it but also answer all questions on the Aquino assassination that it would put to him.

Going into the "Ideas of March" with the Aquino probe some members of the Agrava board—considering the "hot stuff" that had come their way since coming home from their first overseas inquiry—may now be wishing that they were still under Tokyo's cold spell.

Past it, things may be "hotter."

CSO: 4200/629

VERITAS EDITORIAL ON COMELEC ACTIONS, FRAUD POTENTIAL

Quezon City VERITAS in English 25-31 Mar 84 p 4

[Editorial: "What Is the Comelec Up To?"

[Text] MAKING the rounds of Metro Manila's coffee shops today is this little story:

Once upon a time, there was a political party with three members. One ran for President in 1981, lost ignominiously and died. The second managed the candidate's campaign and then left to become president of another party. The third, finding reason, the Commission on Elections chose his group to be the dominant opposition party in so many places.

What, indeed, is the Comelec up to?

No less than its chairman, Vicente Santiago, Jr., has been known to admit, in a rare moment of candor, that the Comelec has a credibility problem. But, instead of building up that credibility, Santiago and his cohorts seem determined to destroy what little is left of it.

The cry from all over the country is for clean and honest elections. The eyes of the world--particularly those of the international banking community--are on the Philippines. If the May 14 poll is conducted impeccably, if there is no evidence of rampant fraud, if that community is satisfied with those who sit in the Batasan were not simply "Comelected," then the loans we need to bail out our sinking economy would come in.

Obviously, the burden of insuring that the elections are conducted fairly and squarely rests on the Comelec. So what does the Comelec do?

First, it farms out the printing of the official ballots to so many printing presses that it has become impossible to institute proper security measures. This has given rise to the suspicion that more ballots than are actually needed will be printed and put to nefarious use.

Then, not satisfied with that, the Comelec, by using a logic that is incomprehensible to all, chooses the Nacionalista Party (Roy Wing)--derisively known as the NPA, meaning the Nacionalista Party for the Administration--as the

dominant opposition party in many places in Luzon and the Visayas where it has no known organization.

No wonder the legitimately dominant opposition groups in the various areas are up in arms.

And now, if reports reaching the NAMFREL are correct, the Comelec may be getting ready to administer the unkindest cut of all, to put the last nail on the coffin of its credibility. The Comelec, NAMFREL leaders are convinced, is preparing to authorize the Movement of Organized Volunteers for Enlightenment and Reforms (MOVER) to appoint a poll watcher in every precinct.

What is wrong with that? On the surface, nothing. But there is strong reason to believe that MOVER was organized and is being funded by the KBL. Its president, in an unguarded moment, admitted to Veritas that it has a Council of Elders whose names cannot be revealed because most of them are high government officials.

Again, is that necessarily wrong? No. But the election law provides that only one watcher from a civic organization can be in the precinct at any one time. NAMFREL has already been authorized to name its poll watchers. With MOVER moving in, that means that the NAMFREL will watch in the morning and the MOVER in the afternoon. This is a situation that could lead to confusion--or to massive fraud.

We repeat: what is the Comelec up to? Unless it reverses the present trend of its actions, it seems bent on burying the faith of the people in the possibility of democratic reform under the present dispensation. We pray that their dreams for peaceful change will not be buried likewise.

CSO: 4200/629

AGRAVA BOARD LINKS LOOSE ENDS TO MISSING WITNESSES

Quezon City VERITAS in English 25-31 Mar 84 p 16

[Article by Barbara Mae Naredo-Decanay in the "Dateline: Agrava" column:-
"Murder Will Out"]

[Excerpt] NO LESS than five witnesses who knew Rolando Galman intimately are missing and probably salvaged, thus giving rise to the suspicion that a massive, well-coordinated cover-up of the Aquino murder is under way.

The five are Lina Lazaro, common-law wife of the supposed Aquino hit man, two nightclub hostesses--Ana and Catherine Oliva--one of whom was supposed to have spent the night with Galman in a motel the day before the assassination; Evelyn, a friend of the two sisters, and Rogelio Tarue, the Galman's family friend.

"Whoever is covering up for this crime will not spare women," Lupino Lazaro, counsel for the Galman family, told Veritas. "They are inhuman."

Deputy Counsel Francisco Villa believes that if and when the missing witnesses are found, many of the loose ends in the fact-finding hering will be tied up and the truth arrived at.

"It is all very elementary," Villa said, speaking from many years of experience as an investigator. "Just as in any investigation, you follow up leads and develop them into facts. So far, we have plenty of undeveloped leads."

But Villa remains hopeful that the Agrava board will be able to get to the bottom of the problem. "I am confident that when the curtain falls, the final report will definitely answer the what, when, where, how and why of the Aquino murder," he declared.

"Murder will out," he told Veritas with a flourish.

CSO: 4200/629

ARTICLE DESCRIBES LIFE OF NPA AMONG PEASANTS

Quezon City VERITAS in English 25-31 Mar 84 pp 9, 10

[Article by Graziela C. Francia: "Why Our Children Go To the Hills"]

[Text]

IN 1968 a woman skipped town to join the peasants in the hills. She stayed away for ten years — three of them were lived in Bicol and three in Central Luzon. This is the story of her life in NPA country:

"We ate with the peasants, of course. In the mountains of Bicol there is not enough palay so we eat rice sparingly. Even camote, cassava and *gabi* are luxuries because they are open to forage by wild pigs and other animals. So the only staple the peasant can really rely on is *saging na saba* (cooking bananas). These are pickled green and firm, but mature, and cooked *pinakru* style, boiled in coconut milk with a little salt. We have *pinakru* every breakfast.

"The lunch is boiled rice mixed with an extender (*kisa*) of, again, *saging na saba*. If the *kisa* is *kamoteng kahoy* (cassava) that's delicious but most of the time it's just *saging*. There is no meat, no fish. The most common *ulam* is *gabi* leaves or *kamoteng kahoy*, *ginataan*, with lots of hot sili. Lard is a luxury so everything is boiled or broiled. For supper, it's *pinakru* again.

"There's a very sweet banana variety called *pikiw* whose flesh can't be eaten because it has big seeds like peppercorns. This banana can be strained to make jams and jellies. The heart of this same *pikiw* banana is a favorite Bicola-

no viand. You can also gather long corkscrew snails and *talangka* (small crabs) from the streams. We cook this in coconut milk — if there's a coconut. Coconuts are also a luxury. If you have maybe ten coconut trees you're okay. Most people have only two.

"The more agriculturally sophisticated *kalingas* plant a small variety of vegetables. So if it is harvest time for stringbeans (*ayap*) you eat stringbeans everyday for weeks. After that you don't see stringbeans for a long long time. It's the same with eggplants and okra. A nice coffee can be made out of okra.

"Rainy days are bonus days — everyone goes to the streams to catch frogs — big black ones with smooth skin and spots. We can gather a delicate brown tree mushroom that sprouts on every piece of fallen wood after a rain.

"For meat, when lucky, one can catch wild boar, snake, deer, wild chicken, monitor lizard (*bayawak*) or monkey. But there's hardly any time to hunt them. Oh yes, we have an occasional boiled chicken — when a homeowner decides to cook his one and only chicken because there's a military operation in the area. (Better than being eaten by a soldier).

"The *kalingas* (slash-and-burn farmer) who lives in the mountain is the lowest common denominator of society. All the man has are

his own two hands, a bolo and a machete. He has no carabao, no plow. (Farmers who have plows are relatively well off ones). He has no land either that is why he has to clear the forest. When some of the settlers relate how difficult it was when they first cleared their land they actually cry.

"So how do you begin clearing a forest with your bare hands? First you lop off the big vines snaking all over the branches. Then you put up a platform about ten feet high and cut the giant tree from that height. Finally, there is the underbrush. When the vines and grasses are all dry you burn them. You must clear the forest floor of every piece of branch and leaf debris before you can start planting. When the soil is ready you plant with a dibble stick (making holes and dropping in seeds). On top of it all a *kaingin* is much less productive than a rice paddy.

"The *kaingin* never produces enough to feed the families working on it. Everywhere else it is a cash economy; the peasant's is not so he has a hard time surviving. Most of his rice harvest has to be sold to answer for expenses like schooling, the doctor, sugar, dried fish, soap, kerosene, matches, plus last year's *utang*. If the rice were only for eating it might be sufficient but there are other expenses.

"The rest of the family help. In one barrio it is by weaving baskets. The young son goes into the forest to gather rattan. You see this scrawny 14-year-old coming out of the forest with a load of long wet rattan. You can't imagine how heavy that is. Everyone except the seven-year-old who is taking care of the baby helps in stripping the rattan, removing the pulp and laboriously weaving the material into baskets. Often it happens that the baskets are finished at night and are immediately brought to the wholesaler three hours walk away for a quick exchange with rice. I used to ask, but why don't you just stay longer in the forest and get more rattan and make more baskets before going to town? After a while the

answer was just so obvious. They would have no rice to eat. And yet this is the guy who planted the rice:

Incidentally the whole barrio eventually got arrested because the governor wanted to expand his ranch. He could let loose some cows to cause havoc on the peasants' crops. He had a warrant of arrest issued to all the men for having *kaingin*.

If a *kaingero*'s chicken lays two eggs, his undernourished family can't eat them — they have to be sold to buy soap or salt or some urgent thing. There are fantastic lobsters to trap in the river but no one has any time to make a trap, much less check it regularly for catch. Just hustling rice for lunch takes the farmer all morning.

"You can't imagine such poverty. One time I went to the house of a woman with twin girls. She was out, I was told. She was taking bananas to town carrying the twins in her arms. Early in the morning she cut these bananas — each long bunch cost P3 at the time, and a fullgrown person can carry at the most five or six bunches on a bamboo pole. So you hike twenty kilometers to town and at the end all you get is P15. Soon enough I saw the woman arriving, one twin on each arm and the three gantas of rice on her head which she had gotten out of the transaction.

"They also brought to town *almaciga* (resin) or *puso ng sagie* (Banana heart) or braided abaca that took all day to strip and cost 50¢ per braid. And how many banana hearts can you carry in a sack anyway? Sometimes they laboriously saw the felled logs into lumber. To take this to town the peasant has to rent a carabao. And they have a different way of computing board feet down there.

"So I used to ask: why is it so impossible for a peasant to make ends meet when he is a primary productive force in our society? You and I, we can sit here eating cake — we are comfortable — yet we are not real producers. The peasant is a real producer directly contributing to the GNP. Why

does he own only a bolo, why does he have to walk so far to sell his produce for so little when he is able bodied and so willing to work?

"That is why it is so easy for a peasant to understand Marxism. Once it connects he accepts it because the premises have long ago been internalized. In Nueva Ecija when we arrive in a new barrio, long arms and all, the peasants receive us jubilantly. It's the same when we go back to barrios we've been to — it's like a reunion. We're accepted. The old people remember the Hukbalahap and they feel that the Hukbalahap have returned in this new form, the NPA. And they would say with tears in their eyes, *Habang may inaap, babalik at babalik yan*.

"We are assigned territories. We get in touch with the people, get to know them, talk to them and start organizing. We explain why there are NPA. Most target territories (towns) have about 20 barrios. We don't sit in any one barrio. The NPA is very mobile. We go all over the territory. We start to organize one barrio then go to the next. We maybe do two barrios in one night. After we've done a couple of barrios we go back to the first one, to see how they're doing, then to some new ones, then maybe to the second and first again. We weave in and out.

"Eventually in each barrio the NPA forms a committee that acts like some sort of a barrio government — first using the most advanced people in the community. Ideally it should lead to an election. (This had not yet been accomplished when I was there. So in the beginning the NPA's are looked up to by the barrio folk as way above them, their mentors and leaders. But gradually as they get more aware the barrio folk begin to do the leading, to govern themselves. The NPA are now only the support. "The task of the NPA is basically the same as that of activists in a barrio except that the NPA's settle the military question as well.

"In the hot areas we move only at night, organize meetings with the peasants at night. Once at midnight we got to a house where we had stayed before. We knocked for a long long time but nobody would answer. Finally the woman who owned the house recognized my voice and looked out the window. She said there had been shooting in the barrio early in the evening and so she had been afraid. We told her those were NPA. 'Good, good,' she said, 'Come in, come in.'

"So the next evening there was a meeting. We talked about land reform. In many frontier areas the peasants who cleared the land are still alive. They know they had cleared the land. The original tillers of the soil are supposed to get titles to these lands but somehow they never do. Eventually someone who has a title comes around and the owner becomes a tenant. In a continuing tale of inequity this peasant is now allowed to buy back his own land.

"To do this the peasant has to submit to a government cooperative program that is supposed to increase production or the bank will not lend him the money lent him by the World Bank. This means he has to buy his rice seedlings, fertilizers and pesticides from a government cooperative. The high yield rice seedlings developed by US funds cannot be propagated by the farmer, they turn out poor quality the second time around, that is the nature of the variety. (Do you know that even then seeds of the onions we grow come from Japan? Of course Japan also buys these onions, controlling the onion farmer from start to finish).

"So in effect what martial law has done is open the countryside to American Big Business. Before it used to be only mines and public utilities, now they're intensifying profits at the expense of the people. Imagine the US being assured of a sale from every single Filipino farmer? What else can you ask for? It's a businessman's dream. We will never be an economy that can support our people because our economy works only

to allow imperialism to entrench itself. There is no such thing as free enterprise, only a monopoly, and it bleeds the peasant to the ground.

"Even if the farmer had his own seedlings and his own capital or could borrow it from some relative it's still impossible for him to go back to the traditional system. First the irrigation is timed — your paly will just wither if your seedlings don't grow as fast as their variety. Even if the farmer could solve the irrigation problem, if everyone has already harvested their crops and his is the only field left with growing paly, the birds will make short work of him. And of course something happens to the soil, it becomes dependent on fertilizer, after a while nothing will grow decently without chemical fertilizer.

"Sometimes when it's too dangerous to sleep within the barrio, the NPA sleep in the fields, under the stars. We lay out those plastic sacks for rice or sugar or use them as blankets. In Bicol those *sakong* plastic are very precious — women even make them into dresses. We never throw away clear plastic bags either — even a Nescafe glass is a rare treasure.

"In the *Aukhuaw* a woman has to be as strong as the men or you won't make an effective leader. You can't expect to lead if you go *away* everytime, you'll lose your credibility. This was my hardest adjustment after coming back to the city. I was just so without *arte* and this made people around uneasy.

"After a while you develop physical stamina because you carry all your possessions on your back plus your rifle. I tried to carry my share of the common load and my own as well. At first I started out with what I thought was a minimum of possessions and ended up with one jacket, three T-shirts and two *maong*. I decided to cut my towel in half because that was all I needed.

"The NPA tries to get into its ranks the majority of the masses because they are supposed to be the army of the government of the future. It is very difficult for a peasant to adjust to becoming an NPA. The masses have very close family ties. Of course a boy wants desperately to become an NPA, but once he's in he is without the emotional support of his kin. Most difficult of all he is without a home of his own. He sleeps and eats in many houses, none of them his. So for a few weeks, the older members have to prop up his morale.

"You go through several encounters, experience friends dying around you. But after a while you form deep attachments with the masses. When I was there I thought I'd be an NPA forever.

We even had friends among the military. One time we dropped by their camp and they gave us hot coffee and we chatted. But most of the time you give the military a wide berth. A comrade from Mindanao who joined us told of a barrio where a jeepful of soldiers was ambushed. In retaliation the soldiers allegedly entered the town without their pants on, waving their M-16s.

"If you know how impossible the peasant's life is you can't turn your back on him. I had a very sheltered childhood. My mother had a narrow world centered around the kitchen. My father didn't really care if his daughters finished college. But ever since I was a child, in some vague, idealistic humanitarian way, I wanted to serve. At first I thought to serve meant being a doctor. I didn't know I wanted to serve because of the poor, I didn't even know there were so many oppressed people out there. My family was *burgis* and I was just a *burgis* that wanted to serve society. Like if you've lived through this life you better have contributed something or you better just not bother living it at all."

BUDGET MINISTER ON SPENDING; SUGAR PLANTERS ON LABOR UNREST

Manila BULLETIN TODAY in English 19 Mar 84 p 25

[Article by Ray S. Enano]

[Text] ILOILO CITY, March 18--Beset by a tight economy, the national budget for 1985 is projected at P60 billion with government clamping down expenditures, particularly on government-controlled corporations.

Budget Minister Manuel Alba said here yesterday that customs collections are expected to go down since the national budget is dependent largely on international trade.

Alba, who was the guest speaker at a government-sponsored market fair, said imports this year are expected to be reduced, pulling down revenue collections.

While exports are expected to increase, the budget minister said the curb on imports will have a dent on the operations of industries which in turn are one of the government's sources of income.

He said that if the downward trend continues, the government has no other choice but to improve collections to support a P60-billion national budget.

Alba said revenue collections are only expected at P52 billion with the budget deficit to be contained at around P8 billion. The government, he continued, is maintaining the deficit's ratio to the gross national product (GNP) at 1.5 per cent which would be brought down further to 1.2 per cent.

Alba said the government will continue to finance the budget deficit through foreign borrowings.

The P60-billion budget, he said, represents about 13 per cent of the country's projected GNP this year. Under the old plan of the National Economic Development Authority (NEDA), the 1985 budget is supposed to represent about 16 per cent of GNP.

The budget, according to him, will support the present government workforce of 1.1 million. Alba said that as much as possible, the government will not resort to layoffs like what the private sector has been doing the past few months.

On the reported plan to scrap losing government corporations, Alba said the government is still reviewing which of these companies will be eliminated.

He explained that the government for the past two years has been slashing state equity contribution in these corporations to encourage them to earn their keep.

Alba said further that the government has no intention of doing away with these equity contributions since by their nature, government corporations are not profit-oriented unlike private companies.

"The government had to subscribe to their cash needs," he said.

Alba said the review on the operations of government corporations will follow guidelines and priorities under the economic plan. He said food production, utilities and energy-related activities will be given priority in the review of these corporations.

Alba said the government will make sure that the resources allocated to these corporations are utilized efficiently.

BACOLOD CITY, March 18 (AFP)--Sugar planters warned of widespread labor unrest as their funds to pay plantation workers dried up through the failure of a state-owned agency to issue negotiable receipts.

Roger Reyes, spokesman for a new sugar planters group, said that since February 27 the planters had not been issued negotiable stock and warehouse receipts, which they need to sell their sugar stock to private traders and meet their payrolls.

Some planters, according to Mr. Reyes of the New Alliance of Sugar Cane Planters (NASP), had already stopped planting, which is expected to contribute to a short-fall in the supply of sugar. "Planters funds are rapidly drying up because of the situation," he said.

"While planters may be able to tide themselves over, the farm workers will be caught in a situation that could lead to unrest," he added.

There was no immediate explanation for the failure of the state-owned National Sugar Trading Corporation (Nasutra) to issue the negotiable documents.

But other sources within NASP said it was possible Nasutra had already sold or committed its stocks before the monopoly was dismantled.

Nasutra was the sole sugar trading agency for seven years until President Marcos dismantled the monopoly last month to allow sugar planters to sell sugar to any buyer, including Nasutra. They said that several foreign ships have also been reported to be unloading sugar in the small Guimaras island port but they do not exactly know where this sugar came from.

LAUREL CHARGES COMELEC RECOGNITION OF 'DUBIOUS GROUPS'

Manila BULLETIN TODAY in English 19 Mar 84 pp 1, 15

[Article by Vicente B. Foz]

[Text] Former Sen. Salvador H. Laurel, president of the United Nationalist Democratic Organization (Unido), charged yesterday that "dubious" groups had been recognized as dominant opposition parties in various regions because President Marcos wanted "to be sure he could control the voting" in the May 14 elections.

Laurel had earlier questioned the Commission on Election's recognition of the Nacionalista Party-Roy Wing as the dominant opposition group in Regions I (Ilocos provinces), II (Cagayan Valley), VI (Western Visayas), VII (Eastern Visayas, except Samar and Calbayog), and Region XII (Central Mindanao).

The Unido said other "dubious" groups had been granted dominant opposition status, such as the group organized by former Constitutional Convention delegate Casimiro Madarang in Cebu and the Bicol Saro headed by Monico Imperial, who is reportedly identified with President Marcos.

Laurel also contested Comelec's decision to recognize Unido as dominant minority party in Southern Tagalog, except Laguna. The exception, he charged, was made to favor the Yulo political bloc in the province. The poll body had also recognized Unido in the National Capital Region (Metro Manila).

Laurel said his group realized the importance of the May 14 elections for the Batasang Pambansa "in defusing the danger of violence and civil war."

This, he said, has prompted the opposition's decision to participate in the elections. But Laurel warned anew that "if the conditions between now and the election day indicate no hope whatsoever that free, orderly, and honest elections can be held, Unido will have to review and reverse its decision."

One such condition, he said, is that Unido be allowed to appoint its election inspectors to protect the opposition's interest on election day.

Comelec Chairman Vicente Santiago Jr. had clarified earlier that those declared dominant opposition parties will be entitled to representation in the

citizens election committees which will conduct the new voters' registration on March 24, 25, 31, and April 1.

Santiago said the recognition is only for the four-day voters' registration. There will be another determination of the status of opposition parties for the May 14 elections in accordance with Batas Pambansa Blg. 698, the election law.

The Comelec, it was explained, based its ruling on Presidential Decree No. 1896, as amended by PD 1898, which provided the guidelines for appointing members of the citizens election committee. In constituencies where there are several opposition groups which fail to agree on the nomination of common representatives in the committee, the Comelec is empowered to determine the dominant opposition party.

Among the guidelines is that the coalition of parties in the constituency was formed at least six months before the May 14 elections.

Antonio C. Alano, Unido spokesman and former Con-con delegate, said there was a tacit agreement when the special election bill was being discussed in the Batasan that the Unido would be recognized as the dominant opposition group nationwide.

Alano expressed the fear that Comelec's ruling on dominant opposition groups for the registration of voters would no longer be changed in the appointment of members of the citizens election committee for election day purposes.

Other developments:

1. The NP-Roy wing official candidates for Pangasinan are Manuel R. Castro, Leopoldo B. Quesada, Demetrio Demetria, Juan de Vera, Antonio M. Reyes and former Gov. Nancy Sison.

Former Sen. Jose J. Roy, NP wing president, appointed Quesada party chairman for the province in lieu of Mayor Jose Peralta.

2. Former Ambassador Amelito R. Mutuc urged the president to fill the four Comelec vacancies. Every day of delay, Mutuc said, further corrodes the President's credibility in connection with his promise to ensure free, clean, and honest elections.

CEBU CITY--The opposition Puyon Bisaya girded for the May Batasan elections here yesterday with a convention attended by some 300 party directorate members from all over Central Visayas.

Assemblyman Jesus L. Villegas of Negros Oriental was unanimously elected party chairman. Puyon upset the Kilusang Bagong Lipunan 13-0 in the 1978 interim Batasan elections.

In his acceptance speech, Villegas vowed to pursue the party's petition for recognition as the dominant opposition party in the region filed with the Commission on Elections (Comelec).

The Comelec has recognized Pusyon as the dominant opposition party only in Negros Oriental.

Villegas also presented a seven-point proposal which will serve as the party platform in its Batasan campaign:

1. Release of all political detainees.
2. Adoption of either a pure parliamentary or a pure presidential type of government.
3. The repeal of Amendment No. 6 in the Constitution which grants the President power to issue decrees.
4. Appointment of Cabinet ministers and other high-ranking government officials only with the Batasan's approval.
5. Repeal of all presidential decrees on national security cases and on tax increase.
6. Reduction of the national budget by at least 50 per cent and the redirection of government funds to the private sector for production purposes.
7. Rendition of real government support for export-oriented and labor-intensive industries.

The Pusyon then announced the following candidates in Bohol, Negros Oriental and Siquijor:

Bohol: Assemblyman Eutiquio Cimafranca (first district), Fr. Jovencio Sanchez (second district), and Edgardo del Rosario (third district).

Negros Oriental: Villegas, Dr. Henry Sojor, and Marcelino Maximo.

Siquijor: Guido Ganhinhin.

ANGELES CITY--The Philippine Medical Association (PMA) is supporting the candidacy of Dr. Romeo B. Taruc, sangguniang panlungsod member here, who is running for the Batasan as an independent candidate.

The PMA, in a resolution signed by its president Dr. Vicente J. A. Rosales and secretary-general Salud A. Angala, appealed to civic and professional groups in Pampanga to support Taruc.

SNC'S SORIANO DIES 18 MARCH 1984

Manila BULLETIN TODAY in English 20 Mar 84 pp 1, 7

[Text] Andres Soriano Jr., industrialist and philanthropist, died 10 p.m. Sunday, March 18 (5 a.m., Monday, March 19, Manila time) at his home in Madrid at the age of 58. He died with wife Maria Natividad Loinaz and daughter Cristina at his side.

He is survived by Mrs. Soriano, sons Andres III, Eduardo, and Carlos; daughter Cristina; son-in-law Juan; daughters-in-law Maria Victoria and Rocio; mother Senora Dona Carmen de Montemar vda. de Soriano; brother Jose Maria, and sister-in-law Liliane.

At the time of his death, Soriano, Jr. was chairman and chief executive officer of San Miguel Corp., (SMC), A. Soriano Corp. (ASC), and Paper Industries Corp. of the Philippines (PICOP), and president and chairman of Atlas Consolidated Mining and Development Corp.

He was also chairman, chief executive officer, president, or director of 14 other large Philippine corporations.

Under his leadership, first as president, and later as chairman and chief executive officer, SMC became the largest and most profitable manufacturing and marketing company in the Philippines.

As head of ASC, the country's leading management firm, Soriano, Jr. provided leadership that made Atlas and PICOP pre-eminent enterprises in their respective industries. He was also vice chairman of the United Coconut Planters Bank, one of the biggest unibanks in the country.

Soriano Jr., together with his brother Jose Maria, took over the leadership of the Soriano industries empire when their father Andres Soriano died in 1964. Soriano Jr. quickly developed a management style attuned to the needs of the times based on the principles of participation, human resource development, and strategic planning. He broke new ground for his companies in such areas as agribusiness development, exports, and gold mining.

In 1970, Soriano Jr. led the organization of the Philippine Business for Social Progress, a foundation dedicated to social development. He was also chairman

of the San Miguel Foundation and the Tondo Youth Foundation; president of Andres Soriano Cancer Research Foundation; and trustee of the Cultural Center of the Philippines and other civic and philanthropic organizations.

For his support of numerous Philippine and American civic and charitable organizations, he received a plaque of appreciation from the United States Department of State.

Soriano Jr. attended preparatory school at the Ladycross School in Sussex, England, high school at the Lawrenceville School in New Jersey, USA, and college at the University of Pennsylvania Wharton School of Finance where he obtained his bachelor of science in economics degree.

He was awarded a doctorate in economics, honoris causa, by the University of San Carlos and doctor of business management, honoris causa, by the University of Santo Tomas. He was selected to be an honorary member of the Alumni Association of the University of the Philippines College of Agriculture.

He was accorded by Pope Paul VI the award of commander with silver plaque of the Order of St. Gregory the Great. He also received a plaque of appreciation from the Archdiocese of Manila through Pope John Paul II for outstanding service to the Catholic church in mass media.

A noted sportsman, he was project director of football and sponsored such sporting events as the Flash Elorde fight with Harold Gomes when the Filipino became world champion, the Tour of Luzon, and visits of top foreign football teams for goodwill matches in the Philippines.

Hourly vigils are now being held at the St. Andrew the Apostle Church, which he helped build, in Bel Air, Makati. Interment will take place today in Madrid Spain.

BAGUIO CITY--President Marcos said yesterday the death of Andres Soriano, Jr. has left a void in the leadership of the business and industrial community of the Philippines.

He said:

"The nation and the First Lady join me in extending deepest condolences to the family of Don Andres Soriano, Jr., whose untimely demise creates a void so difficult to fill in the hierarchy of Philippine business and industry.

"For it was Mr. Soriano as heir to the Soriano enterprises who propelled the San Miguel Corp. into its preeminence as the leading food and beverage conglomerate in our nation. His efforts resulted in the gainful employment of thousands of workers throughout the country in the many enterprises which he oversaw in his lifetime.

"It is not only business and industry that will feel the impact of the passing of Mr Soriano. We in government who know of his immense contributions as

well as those of the enterprises he headed toward the improvement of our economic life mourn him."

Jaime Cardinal Sin issued the following statement:

"The church lost a friend and benefactor with the death of Andres Soriano Jr. He was a friend because he always gave his full support to all projects that the church initiated so that the Good News may be better disseminated to the faithful of the Philippines. He was a benefactor because he never hesitated to use the vast resources at his command for the benefit of the people whom the church serves. I join the people of the Philippines in mourning for his passage and I pray that he will enjoy the eternal repose he so richly deserves."

CSO: 4200/630

RANGERS, 400 MOROS IN CLASH IN DAVAO DEL NORTE

Manila BULLETIN TODAY in English 20 Mar 84 pp 1, 7

[Text] PANTUKAN, Davao del Norte--Some 400 Bangsa Moro Army (BMA) rebels of the Moro National Liberation Front and 110 soldiers clashed in a four-hour encounter in barangay Upper Lahi, this coastal town, at about 7 a.m. last Sunday.

Military sources said at least 54 rebels were killed while government troopers suffered no casualty. However, soldiers recovered only two bodies of the rebels, and one Armalite and one Garand rifle.

In his report to Brig. Gen. Jaime Echeverria, regional unified command commanding general, Col. Teodoro R. Facelo, Task Group Panther commander of the first Ranger regiment, said the clash occurred in a forest area in Upper Lahi.

He said a blocking force composed of two Ranger companies with 110 men, jointly led by Captains Jesse Igot and Reynaldo Gonzales, encountered the rebels. The soldiers were reinforced by Constabulary and police forces led by Col. Patrick G. Madayag, Davao del Norte PC-INP commander, and Civilian Home Defence Force personnel.

Facelo said about 60 BMA rebels who attacked a PC-INP detachment in Buringot last Friday may have retreated to Upper Lahi and joined over 300 rebels there.

The soldiers may have inflicted a bigger casualty figure on the rebels if the troopers used howitzer cannons, Facelo said. However, Facelo said he stopped the shelling of the enemy position to avoid killing civilians.

He said the rebels carried their dead and wounded, according to reports filed by junior officers and civilians.

CSO: 4200/630

ESPALDON ON MADRASAH INTEGRATION INTO EDUCATION SYSTEM

Manila BULLETIN TODAY in English 20 Mar 84 p 24

[Text] The national government is not taking over the management of madrasahs in the country, Muslim Affairs Minister Romulo M. Espaldon said yesterday.

Espaldon issued the statement in the wake of misconception concerning the proposed integration of madrasah, the primary Islamic institution of learning, into the Philippine educational system.

Espaldon explained that the proposed integration is in line with the national objective of upgrading the Islamic learning in the country.

The madrasahs are being assisted to become government recognized or accredited private schools so that their graduates can, upon graduation, transfer to government or other private schools or universities as well as secure employment in public or private agencies, he said.

The national leadership is committed to improve the educational lot of the Filipino Muslims, espaldon added.

In Mindanao, there is a total of 1,147 madrasahs with 146,132 pupils and 3,384 Islamic teachers (ustadzes) as of 1982. Of this total, 987 madrasahs are in the autonomous Regins 9 and 12.

Meanwhile, The Ministry of Muslim Affairs in coordination with the Ministry of Education, Culture and Sports, Fund Assistance for Private Education (FAPE) and owners and operators of madrasahs in the country will finalize next month the areas of primary concern in speeding up the implementation of the national madrasah program.

CSO: 4200/630

DAILY VIEWS CONTINUED POWER OF SUGAR MONOPOLY

Manila BULLETIN TODAY in English 21 Mar 84 p 6

[Article by Jesus Bigornia: "Nasutra Keeps Stranglehold on Sugarlandia"]

[Text] IF it be true that the National Sugar Trading Corp. (Nasutra) has lost much of its sting, it does not necessarily follow that its hated monopoly of the country's sugar market has been squeezed out of its jaws. For, thanks to Presidential Decree No. 1192 by the grace of the Philippine Sugar Commission (Philsucom), Nasutra still retains its vise-like stranglehold on every sugar planter anywhere in the Philippines. Unless a planter agrees to sell his produce to Nasutra, he is denied both production subsidy and crop loan by the Philsucom—under its decree powers as the exclusive sugar production in the country. No contract with Nasutra, no financing. Consequently, no sugar cane.

Late payments for produce and absence of any accounting have left sugar planters across the country disenchanted, even angry, with Nasutra. Loss of control over their produce has heightened their anger with a corporation whose ownership is nebulous and whose profits are filling whose pockets. Southern Luzon sugar planters are reported girding for a two-pronged (economic and political) war against the administration which only the repeal or recall of Presidential Decree No. 1192 can avert. Their backs against the wall, sugar planters of the district would rather burn their crops as they stand in their fields than deliver them to centrals for final disposition by Nasutra, according to their spokesman Noe Zarate.

Resort to a "scorched earth" strategy by the farmers would assuredly trigger a serious sugar shortage not only for domestic consumption but also for export. The country may find it even more difficult to meet its sugar quotas in the United States. Equally embarrassing to the administration is an anticipated political backlash. In opposition-oriented constituencies, a mini-revolt by sugar farmers can result in the rout of the administration's candidates for the Batasang Pambansa at the polls on May 14. No wonder, Assemblyman Luis Yulo at Canlubang and Batasan Aspirant Soledad Dolor, of the Batangas Sugar Mill, are worried over what is foreseen in many quarters as an explosive situation.

BRIEFS

CEBU OPPOSITION MARCH 'FIZZLED OUT'—CEBU CITY—An opposition-led march calling for the resignation of President Marcos that started at 7 a.m. Sunday from Danao City, fizzled out when it reached Mandaue City, less than 11 kms. from here where it was supposed to end. The marchers, numbering about 1,000, were met by residents bearing placards and stickers affirming loyalty to the Marcos administration. Along the way, the marchers were heckled by a group of teenagers in Liloan town. The marchers were led by former Congressman Antonio Cuneco, former Gov. Osmundo Rama, lawyers Marcelo Fernan and Andres Flores and radiowoman Inday Nita Cortez Daluz, all candidates of the unified coalition. [Text] [Manila PHILIPPINES DAILY EXPRESS in English 19 Mar 84 p 1]

NAMFREL EXPOSE—The discovery of "extra" voting centers in the houses of the barangay captains in Tejeros and San Antonio, Makati, were recently revealed to the Comelec by NAMFREL. NAMFREL feared that since the barangay leaders are Yabut partisans, doubts might be cast on election results in these centers. NAMFREL has already asked Comelec to relocate these voting centers. It also said that some schools refuse to give NAMFREL a room for their assistance center on registration day and that the squatter area in Barangay Mariana, Quezon City, refused to submit to a census. [Text] [Quezon City VERITAS in English 25-31 Mar 84 p 2]

DEATH SQUADS IN CAGAYAN—Gov. Homobono Adaza of Misamis Oriental said that death squads in the province and in Cagayan de Oro City have already killed four Mindanao Alliance party members since October 1983. He expressed fears that the death squads may be used against the opposition in the May elections. He requested Defense Minister Juan Ponce Enrile to investigate the killings. [Text] [Quezon City VERITAS in English 25-31 Mar 84 p 2]

MINERAL PRODUCTION UP 42.8 PERCENT—The value of Philippine mineral production last year grew 42.8 per cent to 16.1 billion pesos from 11.3 billion in 1982, mines bureau director Juanito Fernandez said. He said the increase was due to generally favorable economic conditions in the first half of 1983 and two devaluations of the peso. Copper and gold accounted for about 65 per cent of the total value of production last year, Fernandez said. Copper production in 1983 rose to 308,841 tons valued at 5.5 billion pesos from the previous year's volume of 292,086 tons valued at 3.4 billion pesos, Fernandez said. The value of gold production rose 32 per cent to 3.5 billion pesos from 2.6 billion despite a drop in volume to 24,936 kilos from 25,954 in 1982 because of an increase in the average price of gold, he added. [Text] [Manila BULLETIN TODAY in English 19 Mar 84 p 29]

BALANCE OF PAYMENTS SURPLUS DOWN IN 1983

Kuala Lumpur BUSINESS TIMES in English 28 Feb 84 p 1

[Text] SINGAPORE, Feb 27 SINGAPORE'S balance of payments surplus narrowed to a preliminary S\$2.2 billion in 1983 from S\$2.5 billion in 1982, the Trade and Industry Ministry said in a report.

It said the decline was caused by lower net capital inflows which fell by about S\$1 billion to S\$4.3 billion.

The 1983 current account deficit of S\$2.02 billion was smaller than 1982's S\$2.78 billion largely because of a 15 per cent narrowing of the trade deficit.

Total external trade grew five per cent in real terms but only one per cent in current prices to S\$106 billion. The slower growth was due to lower import and export prices, especially for oil.

Exports rose four per cent to S\$46.1 billion compared with S\$44.4 billion in 1982. Imports fell by one per cent, the first decline since 1975, to S\$59.5 billion from 1982's S\$60.2 billion.

Export growth was largely due to the rise in reexports and domestic exports of non-oil products while the value of imports fell due to a 12 per cent drop in crude petroleum sales.

The trade deficit narrowed to S\$13.3 billion from S\$15.7 billion, the first improvement since 1977. Growth in re-exports rose from three per cent in 1982 to 11 per cent, mostly in crude rubber, machinery and equipment.

Official reserves rose to S\$19.8 billion at end-1983 from S\$17.9 billion in 1982, reflecting the strength of the local dollar.

Investment income from abroad rose on the higher returns of the government's investments overseas. It more than offset higher profits accruing to foreign investors, reducing net payments abroad to S\$704 million from S\$919 million.

SINGAPORE PREPARES FOR 'TOTAL DEFENSE'

Kuching SARAWAK TRIBUNE in English 6 Mar 84 p 1

[Article by Francis Daniel]

[Text] SINGAPORE, Mon.--Singapore has unveiled a blueprint for a total defence plan designed to ensure that it will never again be captured as easily as it was during the Second World War.

The programme, which seeks to involve of the whole of the predominantly Chinese civilian population with the military in a national emergency, is being promoted with a sense of urgency.

But senior military officials stressed that the plan was not a product of fear but was aimed at creating a defence commitment and awareness among the island's 2.5 million people.

Local newspapers and the state-owned radio have given wide coverage to the programme and the Government is planning legislation to give it more teeth.

The influential English-language Straits Times carried front page details about how the military would take over privately-owned buses, trucks, bulldozers, cement mixers and ships during an emergency.

Under the Defense Ministry's plan, the military would set up roadblocks and take over hospitals, warehouses, workshops and other properties.

Defence Minister Goh Chok Thong held a series of meetings with community leaders in the past few weeks to exhort them to support the plan.

A new advisory council on community relations in defence, representing a cross-section of the population, has been formed to map out effective civil defence measures.

Thousands of young reservists will be absorbed into the civil defence network for life after they have completed their compulsory three-year national service.

The Defence Ministry is also drafting plans to make schoolchildren aware of the nation's defence needs by giving lectures to teachers.

As part of its total defence concept, Singapore plans to diversify its sources of food supplies so that it cannot be starved into submission in an emergency. The Island has no natural resources.

The army has also established training and other facilities outside the island in places like Thailand, Brunei, Taiwan and Australia.

"Any aggressor trying to chop off our heads must know that he will lose both his limbs. The military has the capability to defend our nation," a senior military officer said.

Singapore has a well-equipped army of 200,000 reservists and 50,000 full-time national servicemen and regulars. It also has a thriving arms industry and is studying the possibility of joint assembly or production of military aircraft.

Its fast developing air force has more than 150 combat aircraft, including Skyhawks and F-5ES, and a sophisticated support system.

Singapore has also ordered four Airborne Warning and Control System (AWACS) planes from the United States and the air force is planning to buy U.S.-built F-16 fighters.

One foreign military expert said Singapore had a formidable strike force, probably the best in Southeast Asia.

But military officials said that in the event of war the staying power of the civilian population would be as important a factor as the fighting efficiency of the armed forces.

Many people in Singapore, having acquired sudden affluence, appeared to be taking their good life for granted, they said. There was also concern that many professionals might leave at the first whiff of danger.

Singapore, strategically located on the vital Malacca Straights at the tip of the Malaysian Peninsular, was an attractive target for would-be aggressors, the officials said.

CSO: 4200/638

TIN SMUGGLING BEDEVILS ASEAN RELATIONS

Bangkok BANGKOK POST in English 13 Mar 84 p 16

[Article by Kenneth Whiting]

[Text]

SMUGGLERS of tin, the metal associated with cans of food or beer, are bedevilling relations among several countries.

As the world's tin smuggling centre, Singapore has no mines of its own but exports both tin ore and metal. The metal is smelted at a single privately owned refinery.

The International Tin Council estimates that about 16,000 metric tons of tin were smuggled out of Southeast Asia last year in contravention of export controls. Neighbouring Malaysia, Indonesia and Thailand have appealed without success to this island republic to crack down.

A recent government statement said no new tin smelters would be allowed. But the authorities won't shut down the existing Kimetal plant "without lawful reasons because it would affect confidence in Singapore as a free enterprise economy."

"Tin has never been a controlled or dutiable item. As a traditional free port, any company in Singapore can trade in tin so long as it makes the proper import and export declarations."

The statement acknowledged that both President Suharto of Indonesia and Prime Minister Mahathir Mohamad of Malaysia tried to enlist Prime Minister Lee Kuan Yew's support to stamp out smuggling.

The ITC had no better luck with a similar appeal last December. Singapore does not belong to the council which holds a buffer stock and seeks stable prices.

Pieter de Koning, ITC buffer stock manager, was quoted in a recent metal bulletin magazine as describing Singapore as "the prime threat" to world tin prices and the

council's market support efforts.

The council urged consumer nations, including the Netherlands, Spain, and the Soviet Union, to stop their domestic smelters from processing tin concentrates from Singapore, De Koning said.

The ITC had no more success than with Singapore when it asked the London Metal Exchange, centre of the world's tin trading, to halt dealing in Kimetal ingots.

Without neighbourly cooperation from Singapore, the producer nations can do little but try to control supplies at the source. Tough measures have been tried in the past with limited impact.

Malaysia, the world's largest producer, tried to prevent smuggling in 1973 by demanding certificates of origin for imported tin. Officials said forged documents became common and other smugglers turned to Singapore.

Smuggled material was so abundant that a second smelter was operating by the late 1970s. It closed when the Singapore authorities refused to extend a sublease, the government statement said.

Decreased consumption and poor prices led to the introduction three years ago of voluntary export controls by tin producing countries. Quotas imposed on mine operators inspired marginal producers to sell some of their output on the black market, which added to the smuggling, tin industry sources said.

Tin is smuggled in fishing boats and coasters, trucks and private cars, and in the hollow tubes of bicycle frames. It has been

found under the stretcher in an ambulance and embedded in concrete pillars consigned from Malaysia to a construction project in Singapore.

Tin concentrates are heavy, but not bulky, and are easily concealed. Greedy tin runners who carry too much may be exposed by the extra weight. Customs inspectors in south-

ern Malaysia say their suspicions are aroused by Singapore-bound vehicles that seem too heavily laden or are slow to accelerate.

In 1979, syndicates were reported hiring motorcycle riders with sturdy heads and necks to sneak the metal into Singapore inside their safety helmets. Customs officers said they could carry as much as four kilogrammes each trip, or double that with a tin-headed passenger perched on back.

Malaysia and Thailand are patrolling their jungled frontier more closely these days. Less than 50 tons of tin were seized en route to Malaysia in the first half of last year, however, while an estimated 5,700 tons were believed to have been sneaked out. Most of it allegedly originates from hundreds of Thai suction boats working illegally off Phuket.

New legislation introduced by Malaysia in January plugs loopholes in a seven-year-old anti-tin smuggling law, gives greater powers to enforcement officers and increases the penalties.

The possession, custody and control of tin without a valid permit are to be made an offence. The fine has been increased from M\$500 (US\$236) to M\$50,000 dollars (US\$23,585) and the prison term from six months to two years. — AP

CSO: 4200/626

RELAXED REGULATIONS ATTRACT FOREIGN INVESTORS

Kuching THE BORNEO POST in English 27 Feb 84 p 12

[Article by Chris Pritchard: "Vanuatu Makes It Easier for Asian Businesses"]

[Text]

PORT VILA, Vanuatu — The Southwest Pacific tax haven of Vanuatu is becoming increasingly popular with Hong Kong businessmen, and has relaxed its regulations even further to attract business from Southeast Asia.

The changes mean that shareholders of companies registered here can remain anonymous. Previously they had to supply character references, and Interpol lists were sometimes checked.

Companies also will no longer have to advise the authorities of changes in ownership, and annual audits will be optional for Vanuatu-based companies that don't do business in Vanuatu itself. (The exceptions to this rule are companies involved in banking and insurance, as well as trust companies and dealers in securities.)

Officials say these changes should particularly appeal to Hong Kong companies, which in the past complained about Vanuatu's insistence on disclosure of ownership. Accountants surveyed for this article say about half their foreign business comes from Hong Kong.

A Colonial Oddity

The Republic of Vanuatu, a colonial oddity jointly ruled by Britain and France until independence in 1980, has a population of little more than 125,000, mostly Melanesian, scattered across its 80 tropical islands. In Port Vila, the capital, a long-established Chinese commercial community is a leading force in business.

Vanuatu promotes itself as an offshore financial center by offering secrecy, an absence of income taxes, no estate or death duties, no currency-exchange controls, political stability, good communications and international banking and professional services.

The government sees some scope for growth in export of crops such as copra and coffee, and is trying to expand a high-grade cattle industry to compete in the South Pacific market. Other new projects involve vegetable exports to the South Pacific and snail exports to France.

But it's the finance sector for which Vanuatu is best known. The Port Vila authorities are aggressively wooing foreign companies to use Vanuatu as a base for their offshore business. The authorities maintain that they've made it to the point where would-be competitors such as Tonga and the Cook Islands won't get off the starting blocks.

Secret Ingredient

Secrecy is one of the main attractions, according to Vic Duffy, who arrived from England in January to become assistant registrar of companies. He operates from a white colonial cottage on a hill above Port Vila. Its lawn is well-tended, its red tin roof faded. The little building in a somnolent part of town is the hub of this tax haven.

"It's a crime," he says, "to reveal information about companies registered here. Mind you," he adds in his thick Northern England accent, "I haven't been here long enough to find out what the punishment is, but it's certainly against the law."

Mr. Duffy's statistics reveal that there are 935 companies in Vanuatu, 527 of them doing business exclusively overseas. "Companies are always being wound up and others starting up," he says. "They're often created just for the purpose of one project or transaction in some other country and then there's no longer any point to having them."

At present, 71 banks are registered in Vanuatu. Only five of these — from Australia and France, plus Hongkong & Shanghai Banking Corp. — conduct local retail b

ness. Other Asian banks with units registered in Vanuatu for offshore business include Dao Heng Bank Ltd. of Hong Kong, Bank of Bangkok Ltd., Summa International Bank Ltd. and First City Bank of Bangkok.

Accountancy Firms

"Some banks registered here are units of major international institutions but others are just some guy who wants to own a bank," said Pierre Prentice, partner in the Port Vila office of Peat, Marwick, Mitchell & Co. Besides Peat Marwick, international accountancy firms with local offices include Coopers & Lybrand and Price Waterhouse. Legal firms and trust companies are also growing in number to represent offshore clients.

Mr. Prentice laughs that "the bane of our life here is when offshore clients want to come visit the center of their operations. It's good for the tourism industry, but they'll tie us up for hours and often there's nothing to say."

Mr. Prentice says accountants and lawyers were annoyed last year when, after a deposit-taking institution registered in Vanuatu but operating in Southeast Asia collapsed, "it was suggested our laws are too lax. We believe they are adequate — and banks occasionally collapse no matter where they're registered."

He says that "with a \$2,000 fee to get a banking license, we compare well with Caribbean tax havens such as the Cayman Islands. One attraction is that we're only three or four hours ahead of Hong Kong, depending on the time of year. We're in more or less the same time zone."

He says another factor is cost. "I had one client, a deposit-taking institution, switch here because he said the Bahamas was getting too expensive. I think, too, that as more people chase the Southeast Asian investment dollar, we'll see further switching from the Caribbean to our area."

He said politics in the Caribbean play a part as well. "Before Grenada, Americans thought of the Caribbean when they thought of a tax haven. Now I'm getting more U.S. inquiries."

No 1997 Rush

Most business growth, however, is from Hong Kong and, to a lesser extent, the rest of Southeast Asia. Accountants say that despite Australia's fears of massive tax evasion because of Vanuatu's proximity, Australian business forms only a small part of their total.

Thomas M. Bayer, American managing director of Pacific International Trust Co., which represents many foreign clients, said

"registrations of companies from overseas is growing at 15% a year." He believes most Hong Kong Chinese wanting locations for foreign investment "have already taken care of this in other countries. They're not rushing to put money in here because of 1997."

Instead, he believes increasing numbers will want a tax haven, "and we'll see a steady, perhaps slightly accelerated, growth of Vanuatu as a financial center in the near future, rather than a big rush."

In Mr. Bayer's view, "Each year will give Vanuatu greater credibility as a finance center. Fiji and Nauru could have beaten us to it, but Fiji didn't seem interested and Nauru wanted too much government control of everything and had too few facilities on the ground."

Better Communications

He says Vanuatu has better communications than many small island countries, despite the absence of a direct-dial telephone service. Data processing facilities are being rapidly expanded, he says.

The business and finance community speak highly of Finance Minister Kalpokor Kalsakau, whom they describe as pragmatic and pro-business, despite the government's reputation for radical rhetoric.

Prime Minister Walter Lini's Vanuaaku Pati, democratically re-elected last November, is at the forefront of a South Pacific clamor for independence for the neighboring French territory of New Caledonia, and for an end to French nuclear tests in the Pacific.

Vanuatu recently became the first South Pacific nation to establish diplomatic relations with Cuba, though the ambassador lives in Canberra, the Australian capital, where he's also accredited. The country's leaders speak of "Melanesian socialism" and describe their nation as non-aligned.

A banker, who didn't want to be named, scoffed at this and said: "We're not worried. It's all for external consumption. The country's people are traditionally very conservative. And, by its actions rather than its words, the Lini government has shown itself to be pro-business."

'That's What Counts'

As examples he cites the country's telephone system, electricity utility, port and major roadworks. "All these — plus a chunk of the national airline — are in the hands of private enterprise, which they aren't in many Third World countries. And while they condemn the French politically, senior Finance Ministry advisers are Frenchmen. That's what counts."

Many key administrative and technical jobs are filled by Australian, British or French nationals. A sprinkling of Japanese, Filipinos and continental Europeans hold senior positions in the fast-growing tourism industry. U.S. and Japanese interests control major hotels. Entrepreneurs from Asia, Australia and Europe own restaurants that are fast increasing in number. Air Vanuatu, which flies tourists in from Australia, is part-owned by Australian interests.

Meantime, Vanuatu is trying to establish a flag-of-convenience fleet, Liberian-style. Shipping companies won't have to be audited, nor will they have to reveal what they pay foreign crews.

CSO: 4200/639

MILITARY AFFAIRS AND PUBLIC SECURITY

GERMAN CORRESPONDENT ON SRV FORCES IN NORTHERN AREA

Frankfurt/Main FRANKFURTER ALLGEMEINE in German 1 Mar 84 p 5

[Article by Erhard Haubold: "Their Job Is To Shoot, Breed Pigs and Build Power Plants--Vietnam's Armed Forces as the Nation's Big Classroom"]

[Text] Bangkok, 29 February--Although it is Sunday, and the midday heat probably has reached about 35 degrees Celsius, Private Binh Nhat has to work. Heaving large bales of hay with a pitchfork, he no longer seems to notice the radar screen in China across the border. Half of his unit, he says, has to work in the fields on Sunday, while the other half are allowed to go to the weekly market in Lang Son, the border town which the Chinese largely destroyed in early 1979.

Bin Nhat, with his healthy peasant face, looking like a 16-year-old, has 8 hours' duty a day and for 3 years has had no kind of home leave. But he receives visits from relatives who bring him "tea leaves and also something to eat." This is just as important as the pigs and chickens which Binh Nhat and his comrades, with the explicit approval of the army, breed in their free time. For the official ration consists only of 22 kilograms of rice per soldier per month, carefully divided up by him--"300 grams for lunch, 300 grams for supper," according to Binh Nhat. The pay is 14 dongs a month, at best enough for a couple of movie tickets in Lang Son--1 dollar and 40 cents at the official rate of exchange. Added to this are a couple of uniforms a year, hardly ever ironed by any of the common soldiers, a couple of pairs of linen shoes and once every 3 years a pair of the popular Ho Chi-Minh sandals.

Only such economy can explain how Vietnam, one of the poorest developing countries, can afford the third-strongest armed forces in the world--more than a million men in uniform plus just as many reservists and militia. About one-sixth of their food, the soldiers cultivate or breed themselves--rice, vegetables, pigs, chickens, fish, cassava. On the Soviet model, there are gardens near the bamboo barracks, and large army farms. And whereas it has been the rule that engineer and pioneer units are almost 100 percent self-sufficient and the air force is hardly in a position to cultivate anything, the armed forces paper recently published examples of particular ingenuity, for example on the part of sailors fattening cattle for slaughter on board ship, or of messes at airports cultivating "belts of vegetables" around runways together with village dwellers. Others, particularly technical units, exchange

self-produced agricultural utensils for food. Maj Gen Phan Khac Hy writes in the party paper NHAN DAN that, although the state provides minimum requirements, soldiers must (the word is underlined) engage in cultivation themselves to make their menu richer and more varied, even if they are stationed in border areas or on remote islands. "Particularly when supply routes are long, every single kilogram of rice harvested locally is all the more valuable," the general says.

But the Vietnamese "bo doi" are not only farmers in uniform; more importantly, they are also engineers, technicians, administrators, physicians and auxiliary medical personnel, building bridges, roads and power plants. As the elite of the nation, as the best qualified, they serve with the armed forces and are called on whenever something does not function any more or when a project really has to be completed by a certain time. It was the soldiers who in the years of famine before 1980 transported grain over long distances and miserable roads from the rich south to the hungry north. They build roads in the difficult mountain terrains of central Vietnam; they build in the rough the Hoa Binh dam and the big Pha Lai power plant as well as a number of factories. In new agricultural zones in the highland, at irrigation installations, in the opening up of rice farms, of rubber, coffee and cacao plantations--everywhere the specialists in uniform are at work. In 1976 a fierce debate took place at the highest level about this dual function, with Gen Vo Nguyen Giap, among others, arguing for it. Today there is no longer any doubt about the role of the armed forces. It is confirmed again and again in official announcements. They state that the two most important "strategic tasks" of the soldiers include 1) national defense and 2) buildup of the economy, and lately these have been mentioned quite frequently in reverse order of priority.

Since 1966/67 there have been in official existence so-called "economic development divisions," subordinate to their own general directorate in the Defense Ministry, which are first given full military training and are always armed but which then spend most of their time as "specialists." Prof William Turley of Chulalongkorn University in Bangkok speaks of 52 battalions of 500 men each--in other words, 26,000 specialists. Carlyle Thayer of the Royal Military College in Duntroon, Australia, reports that in 1982 the number of "construction divisions" was raised from 3 to 15--in other words, to about 45,000 or 50,000 men. Many of them, points out Douglas Pike of the University of California, are stationed between Hanoi and the Chinese border in the north, and frequently they are veterans who have long since been initiated into gun battle, who have fought for years as partisans. It was these soldiers who in 1979 brought the Chinese invasion to a halt. Apparently underestimated by Peking as a "peasant militia," they were, according to Pike, in an ideal position and had the ideal training to be employed "against a (Chinese) tank force which slowly and laboriously was coming down from the narrow mountain passes." Probably the elite troops which were being held back in Hanoi at the time (because of Soviet pressure?) would not have fared any better.

The army paper TAP CHI QUAN DOI NHAN DAN says:

"While enjoying peace, our country must cope with the multidimensional war of sabotage being waged against us by the Chinese expansionists and hegemonists in

cooperation with the U.S. imperialists.... Our army therefore must be combat ready and participate in economic construction at the same time." There are historical parallels already in precolonial times, for instance until the 17th century, when 10,000 or 15,000 soldiers were constantly occupied reclaiming land and clearing the jungle, when the fighters in the expansion toward the south took their families along, were discharged after a successful war, received land and became the first settlers on conquered territory. It is not all that different today. In the Mekong Delta discharged soldiers become farmers on newly won rice land; in Laos Vietnamese comrades from the Mien Tay Corps, together with the natives, shoveled 40,000 cubic meters of earth, laid 160,000 meters of ditches and built or repaired more than 100 kilometers of roads and in addition helped the "host country" with 60,000 "man days" of "productive labor, building hydroelectric plants and schools and attending to physical examinations and the supply of 17,000 people, as Radio Hanoi reported a short time ago. "Fraternal aid" for the even poorer socialist neighbors or colonization of Indochina with modest means?

The Vietnamese People's Army today is the big classroom of the socialist nation. It has a near-monopoly of human and material resources. In its army schools it conducts intensive technical education of young people subject to military service who, depending on previous training, have to serve between 2 and 4 years. Then they return to society technically qualified and often with leadership qualities, lifelong members of the reserve, self-defense units or local militia. The armed forces have the best qualified people, independence was achieved by them, and they are the strongest power factor. Is that going to have political consequences one day?

8790

CSO: 4620/35

HEALTH, EDUCATION AND WELFARE

HEALTH SYSTEM 'MODEL' EXTOLLED

Paris DOAN KET in French No 356, Feb 84 pp 17-18

[Text] UNICEF's representative to Hanoi from 1975 to 1977, Dr Francois Remy, was able to discover, with a mixture of astonishment and admiration, Vietnam's basic health system (in the broad sense, that is, integrating health, childhood policy, etc.), so much more remarkable in his eyes in that it was created by one of the poorest countries in the world.

I know that everything in Vietnam is far from being perfect, that the Vietnamese social system is ponderous, bureaucratic and often annoying. I also know that the North Vietnamese did not succeed in cushioning the cultural shock brought about by the reunification of their country, and that, even if they did not commit the atrocities which were attributed to them, they have shown themselves to be tactless and sometimes brutal. I understand perfectly that numerous South Vietnamese have not accepted their supervision and have refused the model which the North Vietnamese attempted to impose on them. The fact remains that what I have seen and lived through for 2 years has definitely convinced me: communist or not, the Vietnamese model, insofar as health and childhood policy are concerned, is a good model. Conceived by the genius characteristic of these people, it has brought a decisive contribution to the struggle against underdevelopment throughout the world. And in the course of the following years in the Middle East, where I made a backward leap of several years by coming up against specific problems in countries that are at the same time feudal and capitalistic, I constantly endeavored to be inspired by all that I had learned in Vietnam.

The 'Mother and Child Committee'

The "mother and child committee" is an institution common to socialist countries and especially typical of Asia. It is a veritable ministry of childhood, as I have imagined existing everywhere in the Third World. This "ministry" concerns itself exclusively with mothers and children of preschool age who, when 6 years old, leave their control to come under the control of the Ministry of Education. In 1975, the Vietnamese committee's action already covered 27 percent of the children in Vietnam: a mind-boggling figure which did not exist in any other developing country in the world.

The educational function of the "mother and child committee" was limited. But it insured a day care function, which was very important in Vietnam where all women work, while at the same time supervising the health and feeding of the children. Thus there existed in this country a service which allowed 27 percent of young children to escape from the stresses of their environment. In the Third World countries with which I was familiar and which I would soon come to know, the ministries of social affairs, which, with a few day care centers and a few medical-social centers played somewhat the same role, covered at the very maximum 1.5 or 2 percent of the young children. If the Vietnamese system was so efficient, it was because of its extreme simplicity and because it relied on the austerity and the harshness to which the population was accustomed. In Vietnam, one attended to the most urgent matters first: an old garage could very well be converted into a day care center. A mother who had raised two or three children could become a supervisor. As for the food furnished to the children during day care center hours, it only supplemented that which they received at home.

The Communal Public Health System

Very compact, especially in ricefield areas, the communal public health system covers from 3,000 to 5,000 inhabitants. Everything starts with the hamlets which form the communes. There are adolescents in each hamlet, Red Cross volunteers, who have been taught the great principles of hygiene, the causes and the symptoms of the main diseases. Every time something is not right in a house, every time someone spits in an abnormal way, they sound the alarm. They immediately warn the commune's "auxiliary doctor," who goes there by bicycle; or else they evacuate the patient to the center of the commune on a stretcher.

There exists, therefore, a possibility of alert at the lowest level. One goes next to the commune itself, where one finds a 12-bed "community clinic-hospital" headed by an "auxiliary doctor." The commune also pays seven health agents, five of whom are specially in charge of controlling malaria and septic tanks. They also encourage people to control their own environment, so that in the long run they will be able to get along without these agents.

Whenever the "auxiliary doctor" receives a seriously ill patient at his clinic whom he feels is beyond his care, he sends him to the district clinic, which serves five to seven communes and where a full-fledged doctor practices. If the doctor also judges himself to be incompetent or lacking the necessary means, he sends the patient on to the provincial doctor by ambulance. If the provincial doctor is unable to diagnose the case, he sends the patient to Hanoi.

So no patient enters the hospitals in the capital without first having gone through the network that begins in the hamlet. This system may seem rigid and bureaucratic, but it works without a hitch. In Vietnam, not a single abnormal pregnancy passes unnoticed. Thanks most notably to the "mobile brigades" which inspect conditions of hygiene and epidemiology, are trained on the district level and can move even more quickly since the distances between patients and community clinics or hospitals are very short, as soon as

something disturbing happens in a place, as soon as there are reports of fevers, abnormal mosquitoes or encephalitis, the alarm is sounded immediately. (...)

Confidence, accessibility, organized network: these are the three key elements of the basic services, whose application our New York team had advocated for the entire Third World. The North Vietnamese had not waited for us any more than the Laotians, the Chinese or the Soviets had waited for us. In Vietnam as in all socialist countries, vital needs are satisfied first. One goes on to the higher stage only when these needs have been satisfied. This is just good sense.

This report that I made as soon as I could, once my proposals were accepted by the government, to get out of Hanoi and visit the country, proved how well-founded our New York ideas were on the indispensable "dispersal" of public health services and the great importance of short distances among the different community clinics, which settled all transportation problems. It also posed an essential question: Why had so-called "communist" regimes understood these needs so long? And why had "liberal"-leaning Third World countries remained obstinately faithful to the inverted pyramid system for so long?

The Population's Motivation

Ordinarily, equipment delivered by UNICEF is stored in central warehouses, on condition that the authorities of the country redistribute it. The Vietnamese themselves had no distribution services. (...) The distribution of materials delivered by the funds was therefore entrusted to its direct beneficiaries. Thus we saw boats, bicycles and oxcarts led by villagers flock to Haiphong, coming from all of Vietnam's provinces, threading their way across the little streams and canals which crisscross the country or along the back roads. The materials disappeared from Haiphong with dazzling speed. Vietnam is one of the few countries where I saw people, doctors, nurses or just citizens take charge themselves, without the help of any authority, or aid from the international community.

Another proof of this veritable passion that the Vietnamese brought to the improvement of their health service: from time to time, the commune nurses went to Hanoi or to provincial centers to take refresher courses. Since it was done in countries where UNICEF is involved in a cooperative program, I proposed to the authorities to have the funds finance these training periods, to cover travel expenses and professors' honoraria. They looked at me as though I were crazy.

I was told: "When a commune is lucky enough to see its nurse called to the district, the province or Hanoi, it is up to its inhabitants and to us ourselves to underwrite the cost of his training, for this training benefits everyone. At the moment of his departure, those whom he takes care of throughout the year give him several kilos of rice and a bottle of nuoc c-mam. He leaves on foot, with his bundle of clothes and mat on his back. He sleeps wherever he can. But when he returns, everybody gives him a warm welcome, for he really brings the commune something new."

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